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New Strain of Cholera Spreads Into Thailand

By Lawrence K. Altman New York Times Service

NEW YORK - A new strain of cholera sweeping across India and Bangladesh at an alarming rate has spread to Thailand and threatens to cause a global epidemic of the diarrheal illness, according to health officials.

Cholera is spread primarily through contaminated water and poor sanitation. The World Health Organization in Geneva and the Centers for Disease Control and Prevention in Atlanta say the development is ominous for much of the world:

The new strain first came to light less than a year ago in India. Since it cannot be detected by standard laboratory techniques, cases can easily be missed, say the authors of a study in The Lancet, a leading medical journal. To improve diagnosis, WHO is sending special testing materials to many

Another reason for concern is that earlier attacks from the older strains leave no lasting immunity to the new one.

In a letter to The Lancet accompanying the report, doctors in Thailand reported that the new strain had been found in

patients in Bangkok. This is the first report of anyone being infected by the strain outside India and Bangladesh. The authors of the study said the reports were intended to warn health officials in Asia, Africa and Latin America of the

need to be alert to prevent a health catastrophe.

Dr. David L. Swerdlow and Dr. Allen A. Ries, of the Centers for Disease Control, wrote in The Lancet: "Since we cannot

predict where or how rapidly this new organism will spread, countries must stay prepared indefinitely by maintaining surveillance, by assuring access to treatment and by providing clean water and adequate sewage disposal."

In the United States, one nonfatal case of the new cholera

has been reported, in Los Angeles, in a woman who became infected in India. U.S. health officials say they are not discounting the possibility that cases might occur in areas where samitation is poor.

The new development also underscores the need for an effective vaccine. WHO and the U.S. Public Health Service do not recommend currently marketed cholera vaccines because they protect only a small percentage of individuals and only for a brief period of time. Current vaccines are ineffective against the new strain.

Cholera is caused by a bacterium, Vibrio cholerae, that produces a toxin that causes severe diarrhea. The new strain, called 0139 because 138 other strains are known, differs in its microbiological characteristics from the others but causes an illness that is indistinguishable, the experts said.

In its severe form, cholera can cause diarrhea, vomiting and muscle cramps. The sudden loss of huge volumes of fluid and chemicals causes a collapse of the vascular system and death within hours unless fluids and chemicals are replaced orally or intravenously.

In a more moderate form, cholera may produce only mild diarrhea. And many people may experience no symptoms but harbor the bacterium and pass it to others. Thus, quarantine is ineffective because carriers are not detected.

Antibiotics are not essential to recovery but may help shorten the course of illness in severe cases. The world has had seven cholera pandemics — epidemics that strike throughout the world — beginning in 1817, when

cholera surged out of India. The seventh pandemic began in Asia in 1960 and continues

See CHOLERA, Page 3

woman from a collapsed hotel in Nakhon Ratchasima on Friday. Workers were struggling

Muslims Agree

With Serbs on

A Buffer Zone

Near Sarajevo

Compiled by Our Staff Fram Dispate

SARAJEVO, Bosnia-Herzegovina - Bosni an Serbian forces will evacuate a strategic mountain overlooking Sarajevo by Sanurday and Muslim defenders will hold their ground to

create a buffer zone guarded by United Nations peacekeepers, the UN commander in Bosnia said Friday.

General Francis Briquemont said the disen-

gagement agreement would allow peace talks to

General Briquemont was confirming a statement from Bosnia's president, Alija Izetbegovic, a Muslim, said in Geneva

that the Serbs had agreed to abandon con-

"After one to two days monitoring by our

troops we hope negotiations in Geneva can resume on Monday," General Brighernont said.

Brigadier Vere Hayes, the UN chief of staff who led talks with both sides and toured the

troop positions on Mount Igman, said the breakthrough came when the Serbs agreed to

esacriste stobes ou famus fooming over Saraie-

vo airport and the city approaches.

He said that about 250 French UN troops that moved into areas from which Serbian about were now steadily evacuating and that Muclim lad on account forces had pledeed not

Muslim-led government forces had pledged not to try to retake them. He indicated that the UN

would use force to resist any incursions by

either side that could torpedo the accord.

A UN official described the role of Brigadier

Hayes as "reminding the Muslims that they're

not going back into areas vacated by the Serbs and reminding the Serbs of the cease-fire line

they must respect."

would be resolved.

Earlier, international mediators in Geneva

ad postponed the resumption of peace talks on

Mr. Izetbegovic had refused to return to the

On Friday, Mr. Izethegovic said that if the

Serbs withdrew from Igman by Saturday, "the

negotiations will continue on Monday after-

The Serbs failure to withdraw has blocked

the Geneva regoriations for more than a week.
The Serbs had contended that they had met

bargaining table until the Serbs withdrew completely from Mount Igman and another strate-gic mountain. Mount Bjelasnica. The Serbs pulled their troops off Bjelasnica earlier in the

Friday, and called on the parties to reconvene on Monday, hoping that the Igman dispute

resume Monday in Geneva.

quered terrain on Mount Ignan.

39 ARE KILLED IN COLLAPSE OF THAI HOTEL — Rescuers bearing an injured to free about 60 people still trapped in the wreckage, which remained very unstable. The woman from a collapsed hotel in Nakhon Ratchasima on Friday. Workers were struggling death toll did not include those bodies seen in the ruins but not yet recovered. Page 5.

Kiosk

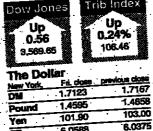
NBA Star's Father Is Slain

A body found in a South Carolina creek has been identified as that of James Jordan, the father of the National Basketball Association star Michael Jordan, the authorities said Friday. Mr. Jordan, 57, died of a gunshot wound to the chest, officials said. He had not been seen ree weeks, but his family had not reported him missing. The authorities said they had no suspects in the slaying. (Page 17)

Libya Gets New Sanctions Threat

UNITED NATIONS, New York (Reuters) - The United States, Britain and France on Friday gave Libya until Oct. I to hand over the suspects in the 1988 bombing of a Pan Am jet over Lockerbie, Scotland, or face the threat of new sanctions.

The three countries made the ultimatum after the Security Council decided to continue aviation, arms and diplomatic sanctions. The sanctions were imposed 16 months ago because of Libya's refusal to surrender two men indicted for planting the bomb that blew spart Pan Am Flight 103, killing 270 people. The new sanctions would be in oil-related, financial and technological areas.



6.0588

Business/Finance Market panic gripped Seoul after the government outlawed anony Page 9 mous transactions.

The Swedish market is poised for more growth.

Crossword Book Review



PAR PUTTING - Lanny Wadkins reacting to a just-missed putt for a birdie at the PGA Championship in Toledo, Ohio. Wadkins was two strokes off the lead after two rounds. Page 17.

West Lets Yen Climb, But Won't Say Why

LA JORG

By Lawrence Malkin

International Herald Tribune
NEW YORK — With the yen heading toward 100 to the dollar, the new Japanese government has been pleading for help from the Group of Seven to stabilize its carrency. The silence in Washington and European capitals is deafening and likely to continue at least until Tolera presents 2 to continue, at least until Tokyo presents a

program to stimulate its economy.

Reasons for this hands-off attitude vary. European governments are still too preoccupied sorting out the wreckage of their exchange-rate mechanism to focus on their trade deficit with Japan, which they traditionally prefer to tackle via trade-opening deals rather than cheapen-

ing their currencies.

In Washington, officials absolutely refuse to say anything for fear that even a theoretical explanation could be misinterpreted by currency markets and confuse traders, who have been methodically strengthening the yen without any official help as Japan's trade surplus continues to

In fact, since the Clinton administration took office in January, the dollar has actually strengthened on a trade-weighted basis because of the weakness of Europe's economies and a drop in the Canadian dollar. So it is not in the interest of the Treasury to be seen meddling.

Its official stance is to stabilize the dollar at a level that will improve its own trade position, and not to engage in competitive devaluations with others.

Carl Amendola, chief foreign-exchange specialist at Hypobank in New York, pointed out that the situation was so delicate that even a monthly blip in the U.S. trade accounts, showing a decline in the surplus, pushed the yen down to 107 to the dollar earlier this summer, although it later climbed back on Japan's own figures which showed a rise in the surplus. At the Institute for International Eco-

pomics in Washington, which has been the

See POLICY, Page 10

Impasse Ends On Sanctions For American **Trade Pact**

But Agreement Fails To Mollify Opposition Within U.S. Congress

By Keith Bradsher

New York Times Service
WASHINGTON — Canada, Mexico and the United States agreed Friday to set up three new North American bureaucracies enforce labor and environmental laws from the Yukon to the Yucatan when the North American Free Trade Agreement eliminates trade barriers, but the deal failed to mollify the trade pact's many congressional critics.

Never before has the United States tied its trade policy so closely to the enforcement of labor and environmental laws in other coun-

Friday's agreements call for fines as high as \$20 million and limited trade sanctions on countries that allow their companies to gain a competitive advantage by breaking domestic abor and environmental laws.

However, as a yearlong gamble by President Bill Clinton to heal the Democratic Party's deep divisions on trade policy and win congressional approval of the free-trade pact later this

autumn, Friday's deal appeared to have failed. Representative Richard A. Gephardt of Missouri, the Democratic leader and one of the most influential members of Congress on trade issues, said the side agreements were inade-quate and declared for the first time that he was unable to support the overall pact.

In Alameda, California, Agence France-Presse reported that Mr. Clinton said in a speech at the naval air station: "I'm pleased that the U.S., Mexico and Canada have reached this agreement and done it in a way that, for the first time ever in a trade agreement, requires another nation, in this case, Mexico, not to use lower environmental standards just to get

[Mr. Clinton said the side agreements he sought would allow "fair trade between the two nations so that both of us can win and create more jobs and build a better future." The side accords sought by the Clinton administration

See NAFTA, Page 11

As Franc Hits a New Low, Just What Can Paris Do?

By Enk Ipsen ional Herald Tribum

LONDON - Currency speculators thumbed their noses at the threat by Prime Minister Edouard Balladur of France to curb their activities, driving his franc to all-time lows against the Deutsche mark on Friday.

The mark rose to 3.5360 francs in Paris from 3,5091 on Thursday. (Page 9)

While France complained about the relentless tide of speculation against its currency, the yen pushed to a record high against the dollar. prompting the head of Japan's electronics grant, NEC Corp., to add his voice to those

outraged over currency speculation. These activities are akin to gambling and will result in continued economic malaise in Japan with an impact all over the world." Takahiro Sekimoto of NEC said. He called for "prompt action" to stem speculation. Japan's problem is the opposite of France's: a toostrong currency is hurting exporters.

But can governments do anything to combat

speculation when currency trading dwarfs offi-cial reserves? Should they do anything?

The old remedy was for governments to prod their central banks to throw money at the problem. Massive purchases of whatever the market was trying to drive down would turn the tide. But as France spent an estimated 300 billion francs (\$49.79 billion) discovering in its futile attempt to defend the currency last month, that sort of action - even when one is aided by the powerful Bundesbank - may only compound the scale of the disaster.

France spent all its foreign-currency reserves and borrowed about 189 billion francs more for intervention before the exchange-rate mechanism of the European Monetary System fell apart at the start of this month. When the franc fell below its former ERM floors, the Bank of France saw the value of those loans increase about 10 billion francs.

Painfully aware of these new market realities, on Thursday evening, Mr. Balladur signaled a change of tactics. He hinted at a need for

See MONEY, Page 11

A Glimpse of Terrorism Police Scandal Bares a Bonn Cover-Up

By Stephen Kinzer New York Times Service

BERLIN - A spectacular police scandal that has broken over Germany is giving people here their first inside look at the clandestine war of police and terrorists that has been under way in this country for more than 20 years.

The scandal has all the elements of a spy

thriller, complete with a top-level informant, a wild shoot-out at a rural train station and the prospect that two commandos from the country's most famous police squad may soon be

charged with murder.

After a member of the terrorist Red Army Faction and a commando from the elite border police unit known as GSG-9, from Grenzschutzgruppe, were killed in a bouched ambush June 27. Interior Minister Rudolf Seiters and the chief federal prosecutor, Alexander von Stahl, were forced out of their jobs. The scandal has continued to spread. This week prosecutors announced that they were considering charging two GSG-9 agents with "deliberate killing." Witnesses say one of the agents killed a Red Army member as he lay helpless in police

Since the June 27 assault, Germans have learned that for the first time in more than two decades, detectives had managed to insert an informer into the Red Army Faction. They had hoped that his work would ultimately allow them to stage a major operation aimed at de-stroying the group, but the June assault led to his unmasking and subsequent disappearance.

The informer's work was considered so vital that when he told the police in March of terrorist plans to blow up a newly built prison, they allowed the attack to proceed rather than bring suspicion on him. The bombing virtually destroyed the prison, causing an estimated \$100 million in damage.

Since the bloody shoot-out in June, much public attention has been focused on Klaus Steinmetz, 33, who for most of his adult life has been involved in leftist and anarchist protests in and around the cities of Wiesbaden, Mainz, Darmstadt and Frankfurt. In the mid-1980s, he helped organize a boycott of the national census, a "die-in" at an American military base and protests against the visit of President Ronald Reagan. He is also said to have taken part in

See TERROR, Page 5

Even on Where to Relax, President Can't Quite Decide The latest destination appears to be Martha's Vineyard,

By Gwen Ifill New York Times Service

WASHINGTON — Congress has gone home, everybody on the staff is dog-tired and on edge, and there is little left to justify worksholic tendencies in a town where vacationers have been racing to the exits for weeks.

For Bill Clinton, answering that question has been more difficult than anyone expected. For those who have grown used to the time it typically takes him to make a decision, it has been What's a president to do?

The planning for the Chaton family's vacation has taken on all of the trappings of a bad Washington political novel.

Destinations are closely guarded secrets, and threats have been directed at any aide who dares disclose a detail.

At one point last week it was Wyoming, only to be scratched off a sign-up sheet for reporters traveling with the president and replaced with a question mark.

It is all so complicated, White House officials said.

"Things might be great for your average married couple with one child," said Lorraine Voles, the deputy White House press secretary. "When you add us into the equation, with the staff, the press corps, the communications staff, this is hard."

Several reasons have been offered for the Clintons' decision not to accept the offer of Roger C. Altman, the deputy secretary of the Treasury, to hide out at his ranch in Wyoming for 10 days. The most reliable is that it is too isolated to satisfy the entertainment needs of Chelsea, 13, and the golfing needs of the president. And with Mr. Clinton's allergies, the hay season was

where the president can rent a house that the Secret Service can protect while allowing the Clintons access to sunshine and

Part of the president's problem is that he gave up his only home when he moved out of the Arkansas governor's mansion

For the moment, he is relying on the kindness of friends. The tentative plan to go to the Massachusetts island apparently came on the recommendation of Vernon E. Jordan Jr., the

Washington lawyer who vacations there and who serves as a member of the president's informal cabinet. No matter where Mr. Clinton chooses to vacation, members

of his staff are hoping that he sticks to it. Most have made their own vacation plans after a grueling first seven months in office.

Clinton Weighs National Identity Cards to Control Immigration Mr. Clinton's statements, in an interview Thursday on Air

Los Angeles Times Service

OAKLAND, Cahifornia - President Bill Clinton said that. his administration was examining the feasibility of creating a his administration was evaluated in reasonally of ordining a tamperproof national identity card as part of an effort to

the impact of illegal immigration and added that the introduc-tion of identification cards would be simed, in part, at prevent-

ing illegal immigrants from taking advantage of government

benefit programs.

Civil liberties groups have strongly opposed similar plans in the past. Mr. Clinton said, however, that he now believes the the past. Mr. Clinton said, however, that he now believes the the past. Mr. Clinton said, bowever, that he now believes the the past. Mr. Clinton said, bowever, that he now believes the the past. Mr. Clinton said, but he said, "I don't think we idea "ought to be examined." But, he said, "I don't think we idea "ought to be examined." Say California's Republican governor. Pete Wilson, has suggested, to deny citizenship for children born here to parents who are in the country illegally.

province and the second control of the control of the second contr

Force One on his way here after meeting Pope John Paul II in Denver, marked his most extensive public discussion so far of future policy options on immigration. It is an issue that some advisers believe could become one of the most politically difficult for his presidency. His mention of a tamperproof

their part of the deal by pulling back to posi-tions they occupied before a July 30 cease-fire. Sources close to the talks said the break until Monday should allow the Muslim-led govern-See BOSNIA, Page 2

toughen enforcement of immigration laws.

Mr. Clinton said that he "sympathires" with concerns about

In Czech Republic, a Surge of Racism Against Gypsies

By Peter Maass

Washington Past Service
USTI NAD LABEM, Czech Republic - The popularity of Magdalena Babicka, the local beauty queen, soared after her response to a question in the Miss Czech 1993 contest, even though she failed to win

explained during the ceremony televised across the Czech Republic in April that she wanted to get a law degree and become a

And then, she said, she would "cleanse'

country — and particularly here in Miss Babicka's home town — many Czechs were glad that somebody had finally spoken out

ypsies, about 5 percent of the city's edict last month forbidding Gypsies and 100,000 residents. A policeman who was listening to the conversation shrugged. A woman sharing the bench with Mr. Polak giggled. A passing schoolgirl said all her friends are on Miss Babicka's side.

حكذا من الأصل

With the Czech word vycisteni, meaning "cleansing." creeping into daily use. Gypsies worry that the practice will too. Miss Babicka's words would probably

arouse similar support in other East Euro-pean countries. Gypsies, who were among the targets of Nazi extermination efforts during World War II, again face a tide of racism throughout the region.

The problem is exploding because of hard economic times. Gypsies led a relatively secure life under Communist regimes, which kept a lid on public displays of racism. But now, with the collapse of the They all lie," said Miroslav Polak, a pen-sioner sitting on a bench in this city's main and so are many of the jobs that the Communists gave to Gypsies. They are on their own again, at a time when some East Europeans are looking for scapegoats.

"other suspicious people" to leave their homes between 11 P.M. and 4:30 A.M. Gypsies also were forbidden to drive cars that were in bad condition, and police were given special powers to enter and search

In explaining the reason for the edict, Mayor Frantisek Slobodnik said that crime was out of control and the Gypsies were

"They sleep during the day and steal at night," he was quoted as saying. The cur-few drew strong support from the town's

The Slovak parliament, sensing a public-relations disaster, moved to quash the curfew, declaring it unconstitutional. But the government softened the blow by promis-ing Mr. Slobodnik that police reinforce-ments would be sent to Spisske Podhradie.

"They are dealing with the problem by using repressive force," said Klara Orgoof work when a factory must cut back, and
vanova, a Gypsy who advises the Slovak
they are the last hired if jobs become avail-

is a cliche. It's not the problem."

The several million Gypsies who live in Eastern Europe are despendants of Indians who had migrated this far westward by the 15th century, according to the Encyclopedia Britannica, and many have retained their nomadic ways.

in general, they have not been assimilated into the mainstream cultures of the countries in which they live. The Gypsies have dark skin, and they speak their own

Although they have a rich musical tradition, many are illiterate. And some hardly speak the language of the country in which

Most Gypsies are poor, and they are the underclass of Eastern Europe. In Hungary, Gypsies account for about 5 percent of the population but more than 50 percent of the prison population. In Romania, unemployment among Gypsies is nearly 80 percent.

Gypsies are usually the first thrown out

Mr. Polak said he is glad that Usti has a la neighboring Slovakia, for instance, government but is quitting her job at the gang of skinheads because they beat up the mayor of Spisske Podhradie issued an end of the summer in disgust. "Criminality and the major of Spisske Podhradie issued an end of the summer in disgust. "Criminality and the major of Spisske Podhradie issued an end of the summer in disgust." "Gypsies not accepted," and some stores have signs saying, "Gypsies not served."

Gypsy leaders say the accusations against their people are exaggerated. They acknowledge that Gypsies are probably committing more crimes proportionally than the rest of the population, but argue that high crime rates among Gypsies are caused by their poverty, which is in turn

The leaders concede that some Gypsies have become lazy, especially where educa-tion is concerned. Mothers do not insist that children remain in school, so they frequently drift away before they can read or do arithmetic. According to Michal Husak, a businessman and journalist in Prague, the government must cooperate with Gypsy organizations to keep the chil-dren in school.

"Education is the key," he said. "But we must be realistic. It will take a generation to change the educational problem."

Russia Bars U.S. Help on Disputes

WORLD BRIEFS

MOSCOW (WP) — Russia's Foreign Ministry dismissed suggestions Friday that the United States would play a more active role mediating disputes inside the former Soviet Union and said that Russia considered itself the most important agent in the region for "maintaining stability." The statement was spurred by press reports here concerning the appointment of a senior diplomat, James F. Collins, to a new State Department post monitoring conflicts in the former Soviet Union. A former acting ambassador in Moscow, he is to coordinate administration efforts to find exhibitor to coordinate administration

efforts to find solutions to conflicts here. The statement underscored both Russia's increasing willingness to claim at least some of the old Soviet borders as a vague sphere of influence and its sensitivity toward U.S. involvement here.

Terror Threats Clear 3 U.K. Beaches

BOURNEMOUTH, England (AP) - The police ordered tourists off seaches and searched for bombs in three south England resorts Friday after a series of firebombs, apparently planted by the IRA, set off blazes

The fires in the early hours damaged four stores and the pier in Bournemouth, a Victorian holiday town. No one was injured. After receiving telephone warnings, the police used dogs to search the pier and beachfront at Brighton, 75 miles (120 kilometers) east of Bournemouth, and at Torquay, 80 miles west. The police later found and defused a much binner decimal. bigger device under the Bournemouth pier that they said could have blown up the entire structure.

Brighton was the scene of the Irish Republican Army's most audacious attack in England — a 1983 attempt to kill Prime Minister Margaret Thatcher and her entire Cabinet. Five people were killed in the blast at

German Police Brace for Neo-Nazis

BERLIN (AP) - German authorities have banned neo-Nazi demonstrations planned for the weekend across the country to commemorate the death of Hitler's deputy, Rudolf Hess. They are also trying to cope with more anti-foreigner attacks.

win more anti-toreigner attacks.

We're armed and ready, said a spokesman for the state police of Saxony in Chemnitz, one of at least 11 towns and cities where authorities have banned neo-Nazi rallies and meetings.

Meanwhile, Greece lodged a protest with Germany over an attack by a

gang of skinheads who set upon 10 Greek laborers en route to a construction site in Eastern Germany. Three of the Greeks had to be hospitalized in Hoyerswerds, one with a fractured skull. Also in the East, five skinheads attacked a 14-year-old student from Switzerland at a playground in Gera, the police said."

Lagos Accuses Foes of Bomb Attacks

LAGOS (Reuters) - Nigeria's military rulers accused opponents

Friday of plotting a campaign of city bomb attacks in support "a disgruntled politician" now abroad.

The charges clearly referred to Moshood K. O. Abiola, who is widely believed to have won a presidential election in June that was annulled by the president, General Ibrahim Babangida, although it did not use his name. Mr. Abiola's supporters called the allegations absurd

The government statement was issued as Lagos, Nigeria's biggest city, mained mostly paralyzed on Friday by a stay-at-home protest against

North Korea Stalls Nuclear Inquiry

who has meningitis, with family members in a Sarajevo hospital. Behna is not on the list of those to be evacuated. VIENNA (Reuters) — The UN nuclear authority said Friday that North Korea was still restricting access to two suspect atomic sites, and U.K. and UN Clash on Emergency Airlift an agreement on full inspections appeared to be deadlocked.

A team of experts from the Vienna-based International Atomic Energy

cy returned from a week's visit to North Korea on Thursday and said they had only been allowed to carry out maintenance work on monitoring equipment at the plants in Yongbyon.

"We are not getting the kind of satisfactory access required to move our inspection procedures ahead," a spokesman said. "That process is stymical for the time being." The West believes North Korea has the material to produce nuclear weapons at Yongbyon, 95 kilometers north of Pyongyang, but the government has repeatedly denied this.

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WE TILL

for the Record

Former Vice President Walter F. Mondale was sworn in as ambassador to Japan on Friday in a Washington ceremony. Mr. Mondale urged action to correct the trade imbalance between the two countries. (AP)

TRAVEL UPDATE

Air France plans to install phones on long flights starting in mid-1994 and test a radio phone on its Paris-London route next month. (AFX)

American Airlines has reached agreement with British Midland Airways to list connecting flights through London under one number, called "code sharing," an industry source said Friday. The carriers stand to pick, up passengers who might otherwise have flown British Airways. (AP)

Romanian train engineers defied the government and the courts Friday and called an all-out strike, bringing chaos to rail traffic in the Balkans. The engineers disobeyed a Supreme Court ruling outlawing their threeday pay action for 80 days. The strikers vowed to keep the railroads shut down. Thousands of travelers were stranded, and Bulgaria and Hungary reported disprotions.

Florence authorities said Friday that they planned to tighten security around some of the city's most famous landmarks after a wave of bomb attacks. Streets will be closed and no-parking zones set up around areas such as the Duomo and museums housing Renaissance art treasures. The plan is to be put into effect in early September.

The Irish tourist board reported that a 10 percent drop in American tourists in Europe this year would deal a blow to Ireland's \$1.6 billion vacation industry, which attracted 17 percent more U.S. visitors last year

Japan has given Northwest Airlines permission to continue operating flights on the New York-Osaka-Sydney route until Sept. 15. Under the agreement, at least half the passengers must be Sydney-bound when the surcraft lands in Osaka from New York.

(AFP) (AFP)

Ex-King's Visit Sparks An Inquiry in Greece

ATHENS - A public prosecu-Friday to determine whether Constantine, the former king of Greece. The former king last visited had committed treason during his Greece in 1981, when he received

The prosecutor, Daniil Daniilidis, ordered the Salonika security police to investigate whether Constantine or anyone in his group had committed a treasonous act, endangered the territorial integrity of

Greece or incited citizens to rior. In a separate action, two lawyers on the board of the Salonika Bar

Mr. Daniilidis ordered the invesports of Constantine's actions dur-

ing his visit so far. The former monarch arrived in northern Greece with his Danish-born wife, Anne-Marie, and five children Monday and has been crusing m the Aegean Sea on a private yacht. Some newspapers have charged that Constantine has questioned Greece's political system and has

during hearings before the court in not renounced his throne. Legal experts said the prosecutor's investigation could last for

tion before deciding if there were

ship. They accuse him of having meddled in parliamentary procedures while he was king, triggering tor in the northern city of Salonika dures while he was king, triggering ordered a preliminary investigation a government collapse that led to a military dictatorship in 1967.

permission to attend his mother's funeral. He and his family have been in exile since 1967. Greece was declared a republic in 1973 and a referendum in 1974 rejected return to the monarchy. The conservative government,

which said it did not know about or approve his arrival warned Coutantine on Wednesday to keep his visit here private and accept that Greece is a presidential democracy. It also barred him from visiting 2 northern border post and advised him against visiting the aucient tombs of Macedonian royalty found at Vergina, near Salonika, after local residents threatened to

hold demonstrations. Today Greece is a presidential democracy and this is not doubted by anyone," the former king told the private Antenna television non-

work Friday.
He said he was not bothered by the reaction his visit had caused as "we are a free country and people can say what they want I am not

bothered by this." Constantine has said in the past grounds for charges,

Opposition parties have called as king if the people decided this income the conservative government to a referendum. The government says that Greece will remain a presidential democracy.

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Yeltsin Proposes **Parallel Parliament**

Compiled by Our Staff From Dispatches PETROZAVODSK, Russia -President Boris N. Yeltsin, apparposed creating a new seat of power which has declared full indepen-assembling leaders from Russia's dence of Russia.

regional administrations. This would not be just some would be a legitimate organ of

whether it should make laws or develop into a "parallel parlia-

threatening to dissolve parliament, tories. He said the regional leaders which he regards as a Soviet-era should decide whether the body relic, and force elections this au-Mr. Yeltsin also told the leaders

that a constitutional convention

would meet next month to work out ways to adopt a draft charter for the political system. The present charter enshrines the supremacy of parliament, the Con-

gress of People's Deputies, which Mr. Yeltsin sees as a conservative barrier to his market reforms. And he said Russia could be ruled by a transitional constitutional law until parliamentary elections, which he vowed Thursday to

call in the autumn if the hard-line congress fails to set a date for the vir. Yelisin also loid the leager: of Russia's 88 autonomous republies, regions and districts that there was no question of any territory

seceding from the federation. "I have to say that if any republies or regions really have hopes of leaving Russia, then they are deep-

AMSTEDDAM

CROSSROADS INTERNATIONAL CHUR-

CH Interdenominational & Evangelical Sun-day Service 10:30 a.m. / Kids Welcome. De Cuserairas 3, S. Amsierdam finfo, 02940-15316 or 02503-41399.

FRENCH RIVIERA

CORNERSTONE CHRISTIAN FELLOW-SHIP worships at Hotel Mediathel, Sopha-Artipolis, 10:30 a.m. Sundays; nursery, Sunday schools; tel. 93.65.64.54.

MADRID

COMMUNITY CHURCH, Worship and Church-School at 11:00 a.m., Padie Daman 34. (August, Orense and Gen, Yagus). International, English Speaking. 141:

MUNICH

MONTE CARLO

PARIS and SUBURBS

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ST. PAUL'S WITHIN THE WALL, Sun. 8:30 am. Rite I, 10:30 am. Rits II, 1 pm. Spanish Euchaust. Va. Napoli 58, 00184 Pome, Italy. Tel: 398 474 35 69.

ly mistaken." he saidl. "Russia will

remain a unified force." The only territory absent from ently in a challenge to the conserva-the Petrozavodsk meeting was the tive parliament, on Friday pro-southern republic of Chechnya,

kind of assembly," Mr. Yeltsin told declared itself a sovereign state in a meeting of regional leaders in the association with Russia. Separatist northern town of Petrozavodsk. "It stirrings have come from neighboring Bashkortostan and Tuva on the Mongolian frontier.

Mr. Yelisin proposed setting up
what he called a "federation couned to bridge divisions between the The council, he said, was intendcil," but he did not make clear various tiers of Russia's regional power structure, which threaten his plans for a new constitution. It would include two representa-

He announced the plan after tives from each of Russia's 88 terri-

proposal as an unconstitutional attempt to set up a parallel parlia-

Mr. Yeltsin's chief weapon against

the legislature.

fuly, but the 700 delegates still have vic, who was airlifted to Britain on Monday. to decide how it should be ratified.

was in stable but critical condition. She was operated on twice for shrapnel injuries from a Serbian mortar attack. LONDON - A dispute broke out Friday

between Britain and the United Nations over a hastily arranged airlift aimed at getting some of She also has meningitis. Prime Minister John Major's office said Britthe most critically injured in the siege of Sarajeain was willing to take more than the 20 it was originally scheduled to receive out of the 41. It The United Nations has approved immediate said officials were discussing with UN officials evacuation of 41 people from Sarajevo, but a British doctor said some more-deserving cases

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rue Vertiene. Sunday worship 9:30. in Ger man 11:00 in English. Tek (022) 310,50,89.

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American Lutheran Church, Fritznersgt. 15 Worship & Sunday School 10 a.m. Tei: (12) 44,35.84.

AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65. Out d'Oray, Paris 7. Bus 63 al door, Metro Alma-Marcau or Invalides.

STOCKHOLM

whether the existing list was comprehensive.

"The prime minister has made it clear that the U.K. is willing to take additional seriously Especially controversial was the discovery ill patients for emergency medical treatment.

the statement said. British medical personnel have flown to Sarajevo to prepare the evacuation of the 41 Rosnians, who will be treated in hospitals in

Britain, Sweden and Ireland. Baroness Chalker, the overseas development minister, said on Channel Four television,

'However needy others are, I do know that the intention was to bring as many of the suffering children as possible."

But Sylvana Foa, spokeswoman for the UN High Commissioner for Refugees, defended her agency's decisions.

"We cannot make Sarajevo into a supermarket where people come and pick and say we'll have one of those and one of those and one of those," she said on Channel Four. "I think there's been obviously a misunderstanding with British public opinion.

"We asked for 41 places for people in need of medical evacuation," she said. "Some of those people are children. Many are adults."

Pope John Paul II has urged President Bill Clinton to lead the Western allies in the rescue of the besieged Bosnians so "the Islamic world would not believe that the Christian world would abandon Muslims in the heart of Europe," the Los Angeles Times reported from

BOSNIA: Word of Serbs' Accord

Continued from Page 1 ment, the Croats and the Serbs to prepare negotiating positions for

strikes hangs over the Serbs. In Washington, the Organization of the Islamic Conference pressed the United States and its allies to launch air strikes in Bosnia, but Secretary of State Warren M. Christopher said they were not yet

We are delighted at the decision

Mr. Christopher said he shared the anguish many feel over Bosma, but when asked about a timetable for possible action, he refused to speculate. He said the United States had not called for a NATO meeting, which officials have said is the next-to-last step before air

NATO has agreed that Butros Butros Ghali, the UN secretary-

that continued Serbian occupation of the two peaks and a breakdown in peace talks could trigger NATO air strikes.

ing the mountain is not the only criterion. As he repeated Friday. the United States is also looking for the Serbs to end the siege of Saraje-

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manding positions" on Mount Igman, an indication that the United

States might be satisfied with a troop pullback that falls short of

complete evacuation. The apparent

shift, after two consecutive days of

demands from Mr. Christopher

that the Serbs totally abandon Ig-

man and Bjelasnica, apparently

would forestall air strikes in Bos-

nia-Herzegovina by NATO bomb-

A senior State Department offi-

cial close to the negotiations denied

that the administration was making

govic is satisfied, are we supposed

A UN spokesman in Sarajevo,

Lieutenant Commander Barry Frewer, said Friday that the Serbs

remained on Igman and Bjelasnica. There is "still a Serb presence

NATO sources in Brussels.

meanwhile, said the alliance should

self from proposed air strikes and

said it was pursuing its own diplo-

Bosnia without resorting to threats.

ful tormer Soviet republic, also crit-icized the proposed strikes, but its

■ Serbia Charges Genocide

Serbia has asked the World

Court to order the Bosnian govern-

ment to prevent genocide against

ethnic Serbs in Bosnia, Reuters re-

ported from The Hagne on Friday.

Serbia said it would present evi-

dence to prove the Bosnian au-

thorities were responsible for acts

Its request for an urgent ruling is

FABRIC COMPOSITION .

almost identical to charges of geno-cide that Bosnia leveled at Serbia

Ukraine, the second most power-

(NYT, Reuters, AFP, AP)

there," he said.

nia.

of genocide.

concessions, but added, "If Izethe

Meanwhile, trucks bearing 38

tons of aid were en route to Sarajevo. the first supply convoy to use a newly opened humanitarian corridor linking the northern town of Zenica with Sarajevo, a spokesman for the UN High Commissioner for Refugees announced. Opening two roads, as they have promised, into the Bosnian capital is another key test as the threat of NATO air

at that point.

that the administration has recently taken on the air strikes," said Foreign Minister Abdul Sattar of Pakistan. "We believe that action is now imperative."

strikes can be launched.

general, must authorize the first strike. Mr. Christopher and other officials raised the temperature of the dehate when they warned this week

He has since stressed that vacat-

Mr. Christopher referred to having the Serbs "leave their com-

complete detailed plans this weekend to identify targets for air strikes aimed at forcing the Serbs to ease their stranglehold on Sarajevo. They said NATO's political committee was meeting regularly to keep the situation in Bosnia under In Moscow, Russia distanced it-

visit here. matic efforts to end the fighting in concern was largely for its own contingent of peacekeepers in Bos-

Association filed a treason suit against the former king Friday. tigation based on newspaper re-

more than a month. The prosecutor would have to wait for its comple-

LADIES' PANTS AND SKIRTS CARMENT MANUFACTURES
TO USAGEC BY THE FOLLOWING FOR SALE DITY FABRIC COMPOSITION .
5,76 IZ MINIS IN 18877-COTTON 75 DRI LACA.
1001Z SERIS LA REFIRE CUTTON 75 DRI LACA. declare Constantine persona non grata and strip him of his citizen-

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the crown.

Miss Babicka, a high school student,

her home town of its "dark-skinned" resi-The crowd applauded, while across the

about the Gypsies.

"All Gypsies have one thing in common:
They all lie," said Miroslav Polak, a pensquare. "Babicka is the only person who wasn't afraid to say in public the opinion of

But Tatarstan, a republic with considerable oil wealth, has also

was established. Parliament could interpret his

Mr. Yeltsin called the Petrozavodsk meeting in an effort to salvage his plans for adopting a new constitution to replace the basic law inherited from the Soviet era. But if the plans for a new constitution fail, elections could become

Hard-line lawmakers have resisted elections before their current term expires in 1995 unless a presidential vote is set as well. Mr. Yeltsin's term ends in 1996, and he does not want presidential elections be-

A constitutional assembly picked by Mr. Yeltsin approved the the seriously injured after publicity surroundpresident's draft constitution in

> The Great Ormond Street Hospital for Sick (Reuters, AP) Children in London reported Friday that Irma

dered a review of the situation.

that only four children were on the list.

The British government on Friday night or-

Western countries offered to treat some of

ing the case of 5-year-old Irma Hadzimurato-

vo into Western hospitals.

were not on the list.

WATERLOO ALL SAINTS CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays: 11:15 am. Holy Eu-chanst and Sunday School. 650 Chaussee de Louvain, Chain, Belgium. Tel. 32/2 384-3556.

WIESBADEN THE CHURCH OF ST. AUGUSTINE OF CAN-TERBURY, Sun. 10 a.m. Family Eucharist. Frankfurler Strasse 3, Wiesbaden, Germany. Tel: 49611.30.65.74.

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INT'L FELLOWSHIP, 9 Rue Louis-Notan, Sunday Worship 11:00 & 6 p.m. Tel; 92.16.55.00. BARCELONA INTERNATIONAL BAPTIST CHURCH was need at 11:00 a.m. at the Hilton Hotel for wor-ship (English language). Phone 4101661. HOPE INTERNATIONAL CHURCH (Evan-

INTERNATIONAL BAPTIST CHURCH, BEFILIN Rotherburg sr. 13, 1000 Berlin 41 (Slegibz), Bible study 10.45, worship at 12.00 and 19.00 each Sunday, Charles A. Warford, Pastor, Tel.: 030-774-4570,

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BULGARIA INTERNATIONAL BAPTIST CHURCH, Sola Grand Narodno Sobrone Square. Worship 11:00. James Duke, Pastor

CELLE/HANNOVER INTERNATIONAL BAPTIST CHURCH, Pre-densidate, Riemannist. 15, Celle, SS 1245, Worship 14:00:20 min. Drive, 20 min. By tran

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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, AUGUST 14-15, 1993

STATESIDE / MORAL ENTREAST

Fund Raisers, Part 1: Filling Election Coffers

WASHINGTON - Although legislation to overhaul the campaign finance system has stalled in Congress, it has accomplished one thing: a frenzied round of fund-raising by incombents.

Lobbyests and directors of political action committees are com-

plaining that the pressure has been turned up for early donations with a new pitch. The legislators are arguing that they must stockpile donations now for fear that proposed campaign finance laws would diminish their ability to raise money.

Since the Senate and House have strikingly different bills, no one knows when a new campaign finance law will take effect. Some lawmakers are akeptical that the measure will ever be become law,

but are using it anyway as a rationale for bitting up donors early.

"This seems to be the except of the day," said Representative Mike Synar, Democrat of Oklahoma. "It may be a case where people will use any excuse to try to get people to give early. It's disingenuous to say you're for campaign finance reform and then say you've got to

raise all this money now."

Brad O'Leary, a Republican lobbyist and political consultant said of his recent experience as a potential donor. "You've got everybody trying to raise the money before the bill is set in concrete. I see total There is nothing illegal, of course, with what these incumbents are doing. In their defense, they say that until a new law takes effect, they see nothing wrong with doing whatever is legally possible to

As much as the donors are griping, the appeals seem to be working, and are particularly noticeable among senators, who need larger sums for their statewide campaigns than representatives do.

Fund-Reisers, Part 2: Qirding for Logal Wars

WASHINGTON - Senator Bob Packwood may be a man of modest means, but he hired one of Washington's pricest law firms to try to fend off the ethics panel's sexual-harassment inquiry into his behavior, which could lead to his censure or even expulsion from the

Mr. Packwood can afford the services of the law firm, Arnold & Porter, because he is the ranking Republican on the Finance Committee and can count on friends with heavy wallets.

Jack Valenti, representative of the Motion Picture Association of America, has given \$500 to delray Mr. Packwood's legal expenses. The political action committee attached to Turner Broadcasting System Inc. sent \$2,000. The Air Line Pilots Association, the Scafarers International Union and the Laborers' Political League gave \$10,000 each after Mr. Packwood sent out fund-raising letters

asking for help.

In all, Mr. Packwood managed to raise more than \$220,000 in the first six months of 1993 for his Legal Expense Trust Fund, a vehicle by which lawmakers can accept as much as \$10,000 a year from individuals, political action committees, corporations or unions to pay legal bills arising from proceedings against them in their official

Ethics panel staff members are interviewing a dozen of Mr. Packwood's former staff members and female associates after The Washington Post reported last autumn that more than 20 women

had accused him of making anwanted advances.

Mr. Packwood's benefactors say they do not want to abandon a friend who has already rolled up a half-million dollars in legal bills in defending himself against the accusations and against an unsuccessful Rules Committee attempt to void his election in 1992.

Dean Dominguez, a janitor who usually spends the noon hour sweeping the sidewalk and collecting the garbage near the office building he cleans in Desver, marveling at the tidiness of the estimated 160,000 Catholics who had come for World Youth Day and to see Pope John Paul II: "These people are so neat and clean it's unbelievable. There's nothing to sweep up. They see a scrap, they pick it up. I've never seen anything like it."
(NYT)

With Clinton by His Side, Pope Stresses 'Right to Life'

his first meeting with President Bill Chaton in discuss- responsibility and more community action." ing abortion, a major subject of disagreement between

the two world leaders. The Pope celebrated a Mass for U.S. bishops Friday, the second day of a four-day visit to Denver. But and the former Soviet Union. his comments Thursday before and after meeting Mr. Clinton had more of a political impact.

Speaking in the rain at a welcoming ceremony at Denver airport, with Mr. Clinton in attendance, the pontiff arged a crowd of cheering youngsters, gathered here for church-organized World Youth Day activities, to "choose life."

Although he did not use the word "abortion" or point out Mr. Clinton's support for abortion rights. the pontiff's message was unmistakable.

"All the great causes that are yours today will have

meaning only to the extent that you guarantee the right to life and protect the human person," he said. The ultimate test of your greatness is the way you treat every human being, but especially the weakest and most defenseless ones," the Pope said. "The best traditions of your love presume respect for those who cannot defend themselves."

Later, after he and Mr. Clinton met for 45 minutes with aides and 35 minutes in private at Regis University, the Pope emphasized "the inalienable dignity of every human being and the rights which flow from that dignity — in the first place, the right to life and the defense of life." He said those ideals were "at the heart of the church's message and action in the world."

Mr. Clinton said he thought his meeting with the pontiff had "laid the basis for a productive and constructive relationship in the future," in which the two leaders shared common ground in their beliefs "in On his third official visit to American soil, the Pope work, and family and the importance of pursuing outlined a broad vision for a post-Cold War world. policies that support them."

social problems that give rise to so many problems in defend human rights.

Compiled by Our Staff From Disputches this country," and "a recognition that we need in this DENVER — Pope John Paul II wasted no time in nation and throughout the world both more individual

مكذا من الأصل

Mr. Clinton said that he and the pontiss had discussed a wide range of international issues, including Bosnia-Herzegovina, Somalia, Haiti, the Middle East

"Throughout, I, like every other person who has ever met him, was profoundly impressed by the depth of His Holiness's commitment, the depth of his faith, and the depth of his commitment to continue on his mission," Mr. Clinton said.

Raymond L. Flynn, the U.S. ambassador to the Vatican, said that Mr. Clinton had "expressed to the Holy Father his commitment and his support for full diplomatic relations" between the Vaucan and Israel.

After their meeting, Mr. Clinton said that the subject of abortion had not come up. On Wednesday, the White House communications director, Mark Gearan, told reporters he expected that it would not. After hearing the Pope's speech at the airport, the White House press secretary, Dee Dee Myers, said the White House understanding had been "that he wouldn't talk directly about" abortion, and she emphasized that the

Pope did not actually say the word.

"I think he tried to make his point without being confrontational," she said.

The divisive issue of abortion is one of the major differences between Mr. Clinton and his two Republican predecessors. One of his first acts as president was to lift Republican-imposed restrictions on fetal tissue research and abortion counseling at federal clinics, and to permit abortions at military bases overseas. That prompted the Vatican newspaper to call the orders "renewals on the path of death."

On his third official visit to American soil, the Pope calling on the United States to work with the United He also cited a joint "commitment to correcting the Nations to end regional wars, help poorer nations and



(WP. AP) President Clinton and Pope John Paul II after their talks at Regis University in Denver.

Aspin Plan Could Cost \$20 Billion More

By Barton Gellman

Washington Past Service
WASHINGTON - Defense Secretary Les Aspin has outlined to White House officials a proposed restructuring of U.S. forces that would cost about \$20 billion more than the fiveyear military spending figure promised by President Bill Clinton, and military officials are convinced that he will ask Mr. Clinton to ap-

prove the plan despite its fiscal implications.

Mr. Aspin's outline, drawn from a comprehensive study of post-Cold War defense needs, was presented to cabinet-rank national security and budget officials. Because Mr. Aspin characteristically provided a range of options but feels more strongly about some aspects than others, sources familiar with the proposal came away with somewhat divergent impressions of what he recommended.

Two officials said Mr. Aspin's preferred result carries a price tag that is about \$20 billion more than the \$1.2 trillion Mr. Clinton plans to spend on defense in fiscal years 1994 through 1998 — a five-year target that is \$127 billion less than the Bush administration proposal for the same period.

Any shortfall in the five-year savings has potential significance for Mr. Clinton's basic delicate relationship with military constituen-

A third official said Mr. Aspin's preferred plan included "tens of billions" in extra spending. A fourth official put the figure at \$3 billion to \$13 billion extra for the secretary's "hardcore" recommendations. Pentagon and White House spokesmen said they could not or would not supply estimates.

In grand fiscal terms the increase is modest, amounting to roughly 1 or 2 percent of Mr. Clinton's projected \$12 trillion. But the \$20 billion amounts to about one-sixth of the promised defense spending cuts. The narrowness of support for Mr. Clinton's overall budget plan in Congress and the absence of virtually any non-defense cuts in federal spending magnify the importance of that change.

Some of Mr. Aspin's recommendations have been made known: a force of 12 aircraft carriers, two fewer than today but two more than Mr. Aspin and Mr. Clinton suggested last year, 45 to 55 nuclear-powered submarines, compared with about 80 today; 13 active and 7 reserve air force wings, eight fewer than today; and a Marine Corps of 174,000 active duty troops, compared with 180,000 today. But much of the plan is still unknown, and

these pieces fit into a larger strategy, or why that strategy would cost more than what is now budgeted. Though emphasizing regional conflicts, nuclear proliferation and the potential for renewed hostility from the former Soviet Union as the principal threats to U.S. security, Mr. Aspin has yet to announce his ideas for guarding against them.

One clear implication of the known results it that Mr. Aspin is placing more value on U.S. forces that do not require permission or cooperation from other countries to deploy, like aircraft carriers and Marines on amphibious ships. Ongoing regional conflicts in Iraq, Somalia and the Balkans, along with continuing commitments to show the flag in the western Pacific, have pushed even today's larger carrier and Marine forces to their limits.

Mr. Aspin has promised from the beginning that he would not force his strategic review to conform to Office of Management and Budget spending targets that he described to Congress in March as "just kind of pulled out of the air." If the result of his review was that "you need more money, the answer is yes," he told the House Armed Services Committee, when asked whether he could support increases in the bud-

Away From Politics

 Rocket engines from the space shuttle Discovery, which were shut down during an aborted lift-off attempt, will be replaced with engines from another spacecraft, the National Aeronautics and Space Administration said.

• A new strain of the rodent-borne virus that struck the Southwest has killed a man in Louisiana, government doctors said. The previ-ous strain of the virus, which has been linked to the deaths of 20 people, attacked only the lungs; the strain that killed the Louisiana man attacked his kidneys as well.

 Employees at the nation's largest nuclear-waste site are receiving new safety training after errors resulted in the contamination of at least one worker. About 300 employees of the main Energy Department contractor that oversees operation of nuclear-waste tanks at the Hanford Nuclear Reservation, in Richland, Washington, will forgo normal duties to receive the training.

• A volunteer worker with the Boy Scouts has been charged = ith selling \$2,500 in counterfeit souvenir patches during a national gathering of scouts in Virginia, the FBI said. The volunteer, Michael W. Welsh, of DeKalb, Illinois, was caught when another scout leader who is an FBI agent became suspicious as he saw Mr. Welsh sell patches out of a truck.

A New York City doctor was indicted for murder, with the grand jury charging that he performed an illegal abortion on a patient and then allowed her to bleed to death without offering help. Dr. David Benjamin was charged with second-degree murder for having shown "deprayed indifference to human life" in the death of Guadalupe

How to

Genetic Trait Is Linked to Alzheimer's

By Natalie Angier New York Times Service

NEW YORK - A genetic trait been revealed as a powerful risk factor for Alzheimer's disease, scior entists have reported.

half of all patients with the common neurological disorder, scienusts said, and it points the way

The finding is the first detection of a trait predisposing people to-ward contracting Alzheimer's after age 65, the time when the great majority of patients come down with the incarable illness.

beth H. Corder, Dr. Allen D. Roses and their colleagues report the new work in Friday's issue of the jour-nal Science.

In the latest finding, the re-

. Other recent reports of genes ashave not focused on the late-onset variety but on the less frequent fa-mihal forms of the disorder that strike relatively carly.

Configured from Page 1 today with no signs of abating. It is caused by a type of V. cholerae.

known as El Tor that can survive in

It is the longest-lasting cholers pandemic, accounting for more

thousands of deaths, WHO said.
When the pandemic reached Af-

rica and South America, where the

Laboratory tests suggest that the

vive longer than El Tor, scientists

hew strain is hardier and may sur-

gladesh wrote in The Lancel.

France-Presse reported from Mos-

- than 3 million cases and tens of

water for long periods.

of illness and death.

number is expected to increase sharply as the population ages.
"I'm really excited about this, sheady finked to heart disease has and it's so gratifying after having been revealed as a powerful risk been involved in Alzheimer's reactor for Alzheimer's disease, scisearch for so long," said Dr. Marntists have reported.

The discovery could account for
University Medical Center in Dur-

ham, North Carolina. "It's the first biological risk factor that's been identified for late-onset Alztoward devising treatments to block or at least delay the ultimateby fatal symptoms of the disease. Dr. Pencak-Vance, Dr. Eliza-beth H. Corder, Dr. Allen D. Roses

with the incarable illness. In the latest finding, the re-Other recent reports of genes as-sociated with Alzheimer's disease the body to manufacture apolipoprotein E, or ApoE, an essential protein that shepherds cholesterol through the bloodstream.

It was not clear whether any of

the cases involved the new bacterial

Buffalo Die of Anthrax

Scientists have known for years About 4 million Americans now that the gene comes in three variet-suffer from Alzheimer's, and the ies, called E2, E3 and E4, and they

SURIL

more could die.

CHOLERA: New Strain Spreads

disease had not been present for a In Canadian Sanctuary century, it quickly led to high rates

have known that patients with the EA version of the gene have a small age at which Alzheimer's disease but notably elevated risk of cardio- begins. In people without any E4 vascular disease.

possession of the E4 variant is an those with one copy of the gene, even greater risk factor for Alzmore than 60 percent suffer from heimer's than it is for heart disease. the disorder by that age. In patients Studying 234 people from 42 with two copies, more than 90 per-families afflicted with late-onset cent have the disease by that point. Alzheimer's, the researchers found that those patients with two copies of the E4 gene had eight times the small, perhaps two percent of the risk of having the disease than people whose two copies of the apolipoprotein gene were some combi-nation of either the E2 or E3 varieties. (All genes come in two

copies, one from each parent.) Even inheriting one copy of the E4 gene is bad news, doubling or tripling the risk of Alzheimer's compared with persons having no E4 genes at all.

ascular disease. genes, about 20 percent come down
The new work demonstrates that with Alzheimer's by age 75. In

The E4 variant also lowers the

The number of people bearing a population, scientists said. But up to 33 percent of people have one copy of the sene.

Scientists emphasized that apolipoproteins are only a part of the story of Alzheimer's, a complex disease in which many physiologi-cal routes seem to lead to the same sorry outcome.

Scientists said the new study Researchers do not yet know brightly illuminates an otherwise how the gene predisposes people to the disease, but Dr. Roses says he believes there is a direct cause and believes there is a direct cause and

Three Mile Island Finishes

The Associated Press

news conference that the cholera had been brought into Russia this year from India, Pakistan and Tur-key: MIDDLETOWN, Pennsylvania - The last contaminated water from the 1979 accident at the Three Mile Island nuclear power plant has been evaporated, bringing an end to the 14-plus years of cleaning up the damaged unit.

An electric-powered evaporator that has been working off and on for the past two and a half years VANCOUVER, British Columbia — Anthrax bacteria have killed more than 100 endangered buffalo sent the last puff of tritium-tainted steam up a 100-foot (30-meter) stack and into the atmosphere at the international Center for Di-arrheal Diseases Research in Ban-Thursday.

Since proposing to vent radioactive steam in 1986, GPU Nuclear, the plant operator, has maintained Authorities are trying to save an M Cholera Cases in Russia infected herd of more than 2,000 the release was safe.

Seventeen people have become rare North American wood buffalo On Thursday, it said preliminary reports indicated radiation expoill with cholera in several Russian in the Mackenzie Bison Sanctuary, cities in the past month, Agence France Presse reported from Mossure to the public was well within original estimates. Nuclear energy cow, quoting health-officials.

Anatoli Monisov, deputy chairman of the state committee on health and epidemology, told a to stay away from the region." critics vigorously opposed the re-"TMI-2 cleanup is completed,"

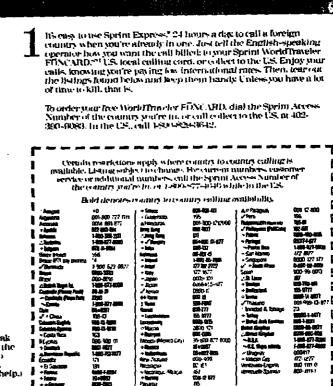
Get some change to use Cleanup of 1979 Radiation said Mary Wells, speaking for GPU Nuclear. There is contamination in the reactor building, but it's fixed in

the walls. It doesn't pose any threat to the environment The accident on March 28, 1979, was the nation's worst commercial nuclear power plant accident.
The Unit 2 reactor was destroyed, but Unit 1, which was undamaged, was restarted in 1985.

into storage. Fire suppression and electrical systems will be maintained until Unit 2 and its operating Unit 1 twin are decommis sioned in 2014, she said. The cost of the cleanup has been put at about \$1 billion.

The damaged Unit 2 now goes





WorldCupUSA94 3

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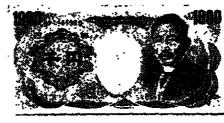
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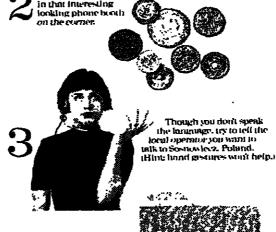
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every Saturday in the IHT.



Earlier this year, when Bombay was a finder-box, many saw Mr. Thackery, 66, as the fint. In front-page editorials in his newspaper, Samna, he attacked Muslims as "anti-nationals," called their neighborhoods "mini-Pakistans" and ordered his readers to "crush the traitors" and "kick them out."

Then Mr. Thackery, the self-described "su-premo" of a radicel Hindu nationalist group called Shiv Sena, withdrew to the safety of his home while Muslims, Hindus and police clashed in savage battles that left more than 1,700 people dead.

A court report last week blamed the inflammatory tactics of Mr. Thackery and Shiv Sena for the violence. Yet in a recent interview Mr. Thackery denied many of the radical positions attributed to him and his group and accused the press, particularly the Western media, of distorting his views.

Although Mr. Thackery is primarily a Bom-bay politician, his influence extends far beyond the city's modern skyscrapers, squalid shums and 12.6 million residents. His critics accuse leading politicians of being silent accomplices. There are rumors that the gigantic movie industry cuts and censors its films to his tastes.

His diatribes against Muslims find increasing acceptance among middle-class Hindus who believe that the government pampers minorities to win their votes. A wave of Hindu pride has been rising in India since the mid-1980s, and, despite abundant evidence that Muslims remain at the bottom of the social and economic heap, the political center is shifting in Mr. Thackery's direction, with tensions mounting between India's 750 million Hindus and 105 million Muslims.

George Fernandes, a member of Parliament and a longtime foe of Mr. Thackery, said that with Hindu nationalism "on the agenda, his politics has incendiary qualities about it, with consequences affecting the whole city, the whole country and the entire economy. A frail former cartoonist with jet-black hair and oversized, black-rimmed glasses, Mr. Thackery said, in a rare interview: "My Hindu-

"My fight is against pro-Pakistan Muslims," he added. "The Pakistani extremists, the Bangladeshi Muslims and the Muslims staying in this country for years together, giving shelter to them — all these people must be kicked out," Mr. Thackery said. "Even if he is a Hindu giving shelter to these kinds of Muslims, he also must be shot dead." Such strident statements and their matter-of-

fact delivery have won Mr. Thackery many admirers among Hindus who, despite their 7-1 advantage over Muslims, feel oppressed by the minority community.

There have been flare-ups between Muslims and Hindus since 1947, when India was granted independence by Britain and was partitioned, creating the Islamic state of Pakistan. Durin partition, as many as 500,000 people were killed in clashes between Hindus and Muslims. Since then, the two nations have fought three wars.

In recent years, Indians have been particularly angered by Pakistani support for militants fighting Indian troops in the long-disputed Kashmir Valley. Hindus also complain that



Bal Thackery, Shiv Sena's leader, discussing his policies in Bombay earlier this year.

The Pakistani extremists, the Bangladeshi Muslims and the Muslims staying in this country for years together, giving shelter to them — all these people must be kicked out.

Bal Thackery

Muslims are exempt from strict divorce and

property laws.

The December and January riots in Bombay, however, sparked an unprecedented backlash against Mr. Thackery and his politics, illustrating that in addition to a deep divide between Hindus and Muslims, there is an equally strong rift between moderate and right-wing Hindus.

A report released last week by two retired judges from the Bombay High Court found the Shiv Sena "directly responsible" for much of the Bombay violence and blasted the government for its "reluctance" to prosecute Mr.
Thackery, who they said triggered the worst
rioting with his inflammatory writings.
A court case and a judicial investigation are

also focusing on the Shiv Sena's role in the riots. The violence, which followed the destruction of a 16th-century mosque by militant Hindus in the north Indian town of Ayodhya, surprised even Indian leaders. Entire slum colonies were set ablaze. Mobe stopped cars, dragged passengers to the streets, stripped them, hacked them to death, set the bodies on fire and danced over

Mr. Thackery, in his interview, denied most of the radical positions and actions attributed to him and his group, accusing the press, particularly the Western media, of distorting his

He said the Shiv Sena - literally, Lord

Ayodhya, though newspaper accounts shortly afterward quoted him claiming responsibility. He denied starting or fueling the Bombay riots, despite his signed editorials in Samna, or Confrontation, which has a circulation of about 200 000

He also denied allegations of blacklisting movies, stars and directors, of condoning Hit-ler's massacre of Jews, condemning all Muslims as traitors and numerous other positions as-cribed to him and his group in press accounts and interviews stretching back more than 25

Mr. Thackery never has run for office, but he often hand-picks Shiv Sena candidates. The Shiv Sena is currently the main opposition party in the state of Maharashtra. Some political analysts say it will be strong enough to form a coelition government with the Hindu revivalist Bharatiya Janata Party after the next state elections in 1996. Despite being in the opposition, Mr. Thack-

Rhund

ery and the Shiv Sena often have been aligned with India's ruling Congress Party, leading many observers to conclude that there is an unwritten partnership between the two that has helped protect Mr. Thackery's position.

Mr. Thackery said he does not condone un-provoked violence. However, he said, violence must be met with violence. "You have to react, you have to retaliate. I believe in constructive olence," he said. Tam not a Mahatma Gandhi. If Muslims do

this mischief again with Hindus, come what may, by whatever means we have, we will spare

U.S. and U.K. Help Nepalese Rebuild Bridges After Floods The Associated Press

KATMANDU, Nepal — A U.S. Air Force plane flew into Katmandu on Friday with 68 tons of steel panels donated by Britain to re-

Katmandu has been cut off from the rest of the country since flash floods and landslides on Shiva's Army, named for a Hindu deity — was not responsible for demolishing the mosque in route to the capital.

build flood-damaged bridges.

Air attacks on Bosnian Serbs?

On-going tensions

in the currency market

Clinton's budget — a turning point? China to cut industry purse strings

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New PLO Status of Palestinian Envoys

JERUSALEM — Israel opening the door to direct talks with the Palestine Liberation Organization, said Friday that it would keep talksaid rinday that it would keep nak-ing to Palestinian peace negotiators even though they had been ap-pointed to senior PLO positions.

Faisal Husseini, the overall head of the Palestinian peace team, Hanan Ashrawi, its spokeswoman, and Saeb Erekat, a senior delegate, returned home from Tania after being appointed to a PLO committee steering the 21-month-old negotiations with Israel.

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The PLO has directed the Palestinian team behind the scenes. But the appointments, ending a week-long internal leadership crisis, were the first ever to senior PLO positions for Palestinian negotiators. Foreign Minister Shimon Peres

said the appointments, announced in Tunis on Thursday, were some-thing of a "gimmick" and did not change the nature of the Middle East peace talks, due to resume at the end of August. (Y

"There is a Palestinian delegation with which we are negotiating," Mr. Peres told Israeli radio.
"Its relations with Tunis are its matter. It's a bit of a gimmicky matter. It's an effort to resolve a

"They're improving or changing their internal relations," he said. "For us it doesn't matter. It's the same members of the delegation,

Czech Tourists Slain in Paris

Reigers PARIS - Two Czech tourists who slept overnight in a Paris square were found dead in their sleeping bags with their throats slit. the police said. The bodies of the man and woman were discovered by a city gardener in Marseillaise Square in the working class 19th

the same names, the same people, the same procedure. We knew even before who they were consulting."

Mr. Peres said largel was talking not to the PLO but to a delegation from the occupied territories.

There has been no indication that there will be any changes in the makeup of the Palestinian delegation, but now, seven of the 14 members will openly represent the PLO. All 14 delegates are from East Jern-salem and the occupied West Bank and Gaza Strip.

Israel has gradually softened its ban on PLO contacts in the 13 months since Prime Minister Yitzhak Rabin's more dovish Labor Party, at the head of a leftist coalition, took power from the hard-line Likud party of former Prime Min-ister Yitzhak Shamir. At a news conference in Jerusa-

lem, Mr. Husseini declined to say that he was a PLO member now, but he suggested that Israel was edging closer to direct talks with the Palestine Liberation Organiza-

"I believe that what is going on is preparing the ground for direct ne-gotiations between the Israelis and the leadership of the PLO," he said.

Previous Israeli governments banned any contacts with the PLO on the grounds that it was a terrorist group bent on destroying the Jewish state. This year Israel allowed private

citizens to hold contacts with the PLO and in July, Mr. Rabin approved a meeting between his envi-ronment minister and a senior PLO official so long as it was not viewed as a government mission.

Mr. Shamir, whose government began talks with the Palestinians in Madrid in October 1991, said that Israel was not obliged to negotiate with what he called "the murderous PLO." Before the negotiations were convened, he insisted the PLO not be officially represented at the (Reuters, AP)



A UN civilian policeman, accompanied by a Malaysian Marine in a UN patrol boat, bending to check a boat for weapons in northwestern Cambodia on Friday after a nearby massacre of ethnic Vietnamese. Khmer Rouge guerrilles are suspected in the attack.

Khmer Rouge Spurns UN Peace Appeal

PHNOM PENH — The Khmer Rouge guerrilla group rejected an appeal Friday from the UN peacekeeping chief in Cambodia to stop inciting violence against ethnic

The Khmer Rouge president, Khien Samphan, told the bead of the United Nations mission, Yasushi Akashi, that the Khmer Rouge had to address the problem of the Vietnamese because the UN mission had failed to do so.

Under the terms of a 1991 peace accord signed by Cambodia's war-ring factions, the UN mission was to verify the withdrawal of all for-

nam ended its 11-year-long occu-pation of Cambodia in 1989.

the withdrawal of Vietnamese from Cambodia," Khien Samphan said on Khmer Rouge radio Friday. "Under these circumstances, the nation and the people must depend

"Obviously they did not verify

upon themselves to protect their lives and their lands. The Cambodian people must struggle against

But the Khmer Rouge asserts than 100 ethnic Vietnamese in attacks on their forces in the Stung that thousands of Vietnamese Cambodia during the 17-month-troops remained behind after Viet-long UN mission.

It stepped up its attacks in March and April, causing an exo-dus of tens of thousands of ethnic Vietnamese across the border into UN and Cambodian govern-

ment officials said Friday that government troops had conducted a counteroffensive on Khmer Rouge strongholds in central Cambodia, reportedly killing 18 guerrillas and capturing some 75.

A general in the Cambodian The Khmer Rouge has been forces said that government troops blamed for the killings of more had responded to Khmer Rouge

north to Krayia. His version was substantiated by

a diplomatic source, who said that Khmer Rouge guerrillas closing in on the town of Stung and National Route 6 over the last three weeks had displaced 5,000 Cambodians with a heavy artillery campaign.

A UN military spokesman, Lieuenant Colonel John Weiland, confirmed that government troops had attacked guerrilla strongholds early this week in the Krayia and Sakream districts of Kompong Thom Province. (AP, AFP)

Teams Work to Free 60 in Thai Hotel

NAKHON RATCHASIMA. Thailand — Rescue workers struggled Friday to free about 60 people trapped in the wreckage of a six. floors. story hotel that collapsed in northeastern Thailand, killing at least 39 people and injuring hundreds.

Link JORA

The trapped survivors, using telephones, warned rescuers struggling to reach them to move cautiously to avoid further cave-ins.

Officials had interrupted rescue operations late Friday when the first warnings from inside were phoned out. About 30 workers using only hand tools resumed their efforts after midnight and brought 16 people out alive. Air was pumped in to survivors.

The official death toll from the

collapse of the Royal Plaza Hotel in this city, also known as Korat, 250 kilometers northeast of Bangkok, stood at 39. It did not include additional bodies seen in the ruins but not yet recovered. Officials said 276 people suffered serious injuries and 70 received minor injuries.

"There are so many dead bodies we can see, but we are conceptrating our efforts on helping the living," Police Sergeant Suwat under police detention.
Pongsuwan said. (R

The national police chief. Sawasdi Amornwiyat, said he suspecied the collapse was connected to work in 1990 to add three top

A police official, Chalong Kingchakaew, said the hotel was being renovated when it collapsed. Other officials said builders had been working on the addition of a sev-

enth floor. Rescue workers said bottles of oxygen and water had been passed down to isolated groups of survi-

Nurses at one hospital said a Western woman and a Japanese woman were among the dead. But official death lists carried only Thai

Twenty-seven foreigners were registered at the 134-room hotel, including 13 Americans, 8 Japanese, 2 Britons and a Swede.

The collapse occurred at midmorning as hundreds, including a group of teachers, were attending meetings in the hotel. According to one report, 60 employees of Shell Oil Company were in the building.

The local radio reported that the engineer in charge of the construc-tion of the additional story was

Hosokawa Shuns Shrine, Cites Past 'Controversies'

TOKYO - Prime Minister Morihiro Hosokawa said Friday he would not visit a war shrine on the anniversary of Japan's defeat in

"There have been many controversies over this in the past and I must be very careful." Mr. Hosokawa said in Kagoshima, in southern Japan, on a tour of flood-damaged areas. "Therefore I will refrain from making a visit."

Mr. Hosokawa's deputy prime minister, Tsutomu Hata, has said he might make the visit to the Yasukuni Shrine on Sunday, the 48th anniversary of Japan's surrender, as a private citizen. Several other ministers in Mr. Hosokawa's coalition government

were expected to make pilgrimages but only one, Farm Minister Eijiro Hata, has said he would pay homage to the military dead enshrined at Yasukuni in his official capacity. The Yasukuni Shrine, in central Tokyo, is a Shinto repository for the souls of Japan's 2.6 million war dead, including the wartime

prime minister, General Hideki Tojo, and five other leaders considered war criminals. Among Japan's Asian neighbors, visits to the shrine by Japanese politicians are interpreted as signs that the country's leaders feel no

remorse for Japanese military aggression during World War II. Mr. Hosokawa, whose coalition government took over this month after 38 years of rule by the Liberal Democratic Party, said earlier this week that World War II "was an aggressive war and a wrong

In South Korea on Friday, riot police scuffled with protesters in Seoul who were trying to enter the Japanese Embassy to demand compensation for Koreans forced to serve as prostitutes for the Japanese Army during the war.

For the 'Rhodies' Who Stayed, Zimbabwe Resembles Paradise stack around, while 180,000 emigrated, many to South gentle, accommodating culture of the Shona, the countheir ancestors' land was stolen by English settlers a By Paul Taylor

HARARE, Zimbabwe -- Except for the government's latest drive to seize commercial farms, sporadic shortages of everything from medicine to toothpaste, last year's national power outage, endless lines at government offices, an AIDS epidemic and free-falling currency, nary a bum word about this country passes the lips of old Rhodies.

on the contrary, most Rhodies—as whites here call themselves from the country's colonial name, Rhodesia—seem convinced they are living in a paradise.

It is a perception that offers an odd glimmer of hope. about race relations in Africa, and may provide solace

ext door in South Africa, where whites fret about life after black liberation, as Rhodies did in the late 1970s. "I was sure that firing squads would be out," Bever-

ly Tilly recalled, upon learning in 1980 that Robert Mugabe, the Marxist black guernila leader, had become the first prime minister of Zimbabwe. "That's what the white government had us believe." A former civil servant, she publishes four small magazines and chuckles at her misappreheasions. She considers Zimbabwe "paradise" compared with the last days of Rhodesia. "Back then, during the war, I'd have to carry a gun with me everywhere - to the kitchen when I cooked dinner, to the bathroom when I

Paul Webb agreed. "You'd have to pull my toenails out to get me to leave," said Mr. Webb, a savings and. loan executive and one of the 90,000 Rhodies who

used the toilet Now I sometimes don't even lock the

The stay-putters have been largely vindicated. To be sure, their lives are peppered with new inconeniences and uncertainties, especially now that Mr. Mugabe has set out to make good on the central promise of the liberation war by redistributing land from predominantly white commercial farmers to mgry black peasants. But in most ways, the laid-back life of whites -- an economic elite who make

What whites have lost in political clout, they have more than made up as a pressure group and business lobby.' Jonathan Moyo

University of Zimbabwe

political science professor,

up less than 1 percent of Zimbahwe's population has never been better.

Whites describe an astounding absence of racial animosity in a country that waged a two-decade racial war before 1980. "I'm not sure we deserve it," said Mr. Webb, referring to the era when Ian Smith's whiteminority government broke away from the British Commonwealth and became a pariah nation.

Some whites credit the lack of bitterness to the try's dominant tribe. Others say it is because the hardcase white racists all left. Others say the English who settled Rhodesia always treated black Africans better than the Afrikaners south of the Limpopo River.

On the economic front, a country that has been hit by two severe droughts in 10 years still has a surprising number of white farmers who show up for agricultural shows in late-model Mercedes-Benzes. And those whites not running profitable farms are running most of the rest of the economy.

remarkable because the clock has already run out on a web of political safeguards that whites negotiated in the late 1970s in yielding to majority rule. "What whites have lost in political clout, they have

The pampered quality of white life is all the more

more than made up as a pressure group and ousiness lobby," said Jonathan Moyo, professor of political science at the University of Zimbabwe. There is certainly much to complain about. The

bureaucracy has tripled in size under black rule; the currency has lost more than 90 percent of its value, and heavy borrowing and profligate spending have acres, for seizure. forced the government to accept a painful, lenderinduced structural-adjustment program.

Lots of things do not work as well as they did, including the coal-powered electrical plant that supplies energy to much of the nation. After nationwide blackouts, Mr. Mugabe's government had to swallow its pride and hire South African technicians to fix it. But the real irritant for whites is land, an emotional

issue in a country whose black inhabitants charge that

century ago.

Immediately after taking power, Mr. Mugabe promised to resettle 162,000 black families on land his government was to buy at market prices from willing sellers. Everyone agrees the initial resettlement program was a bust.

Blacks say white commercial farmers ripped off naive or corrupt bureaucrats on land prices, leaving the government without enough money for infrastructure needed to resettle farmers. Whites say the government gave plots to the wrong people - soldiers and refugees rather than real farmers. Either way, fewer than 50,000 families were resettled, and far fewer never made a go of it.

Mr. Mugabe had other distractions at the ti not least a tribal war between the Shona and the Ndebele in the 1980s that claimed thousands of lives. But he has returned to the land issue with a vengeance. Last year the effectively one-party legislature passed a bill giving the government the right to seize land at its own price. In April the government designated 70 commercial farms, covering about 450,000

■ Mugabe Charges Pressure on Farmland Mr. Mugabe accused the United States, Britain and Canada on Friday of pressuring him to abandon his

policy of forcibly buying white farmland to resettle lack peasants, Reuters reported from Harare. He said at a rally in western Zimbabwe that white farmers had secretly lobbied the three governments to support their opposition to the redistribution plan. "We have to stand firm on the land issue," he said.

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Indonesia Trims Sentence Of Timor Guerrilla Leader

New York Times Service

BANGKOK — The Indonesian overnment said Friday that Presient Suharto had decided to reduce the sentence on José Alexandre Guamão, 47, the leader of the Fretiin separatist movement in the lndonesian province of East Timor.

from life imprisonment to 20 years. Mr. Gusmão had received the sentence in May after he was found possession after a trial in East Timor, a former Portuguese colony. that was described by human rights organizations as blatantly unfair.

Jakarta ihai Mr. Gusmāo, betier known in East Timor by the alias of Xanana, was granted the reduction in his sentence "based on the consideration that Xanana has acknowledged his mistakes and has accepted East Timor's integration into Indonesia.

The spokesman would not comment on speculation that Mr. Suharto's decision had been influsuity of rebellion and firearms enced by international condemnation over the trial and over Indonesia's larger human rights record in East Timor, which was invaded by Indonesia in 1975 A government spokesman said in and annexed the following year.

Italy Bars 'Guerrilla Tactics' in Somalia

By Keith B. Richburg

Washington Past Service
MOGADISHU, Somalia — The commander of Italian troops in Somaha said Friday that he was removing his forces from the capital because of disagreements with the United Nations' methods and philosophy in the guerrilla war with the fugitive warlord General Mo-

hammed Farrah Aidid. The commander, General Bruno Loi, said: "It started out as a humanitarian mission. It must remain a humanitarian mission." It was the first open break within the ranks of the United Nations

troop contingent in Somalia. Since the United Nations accused General Aidid of orchestrating ambush attacks in June that killed 24 Pakistani peacekeepers.

the warlord has become the target of a manhunt and he has in turn launched a campaign of urban terrorism against UN troops.

General Loi said that since UN civilian officials had closed off the option of negotiating with General Aidid, the only way to defeat him in an urban guerrilla war was "to use the same means that the guerrillas use," something General Loi

operation on the northern side of the divided capital was a "redo-ployment," not a "withdrawal," and would be effective early next month. He said the 800 Italians in Mogadishu would join other Italian troops in the relatively peaceful north-central region of the country.

a special relationship with the Somalis and could use dialogue instead of confrontation. But that behef seemed shattered in July when

cials said privately that they were

not upset to see the Italians leave

the capital, since they considered them unreliable allies at best, and

tactics on the Italian troops, killing three and wounding 30 others in an That attack evoked intense soulsaid Italy was unprepared to do.

The general said that the Italian move from their current zone of searching in Rome about the na-ture and course of the operation, and put Rome on a collision course with the United Nations over Italy's demand for more operational control of future military actions. American and UN military offi-

Italy, the former colonial power too unwilling to take orders from in Somalia, has long believed it had the multinational UN command.

In an interview Friday, the chief UN envoy in Somalia, Jonathan T. Howe, a retired U.S. admiral, disputed suggestions from relief agen-cies, the Italians, and others that General Aidid turned his terrorist the United Nations had vecred away from its original humanitarian mission and was instead engaged in a militaristic obsession to hunt down General Aidid and punish his armed faction.

Mr. Howe said that he had done "a lot of soul-searching" before deciding on a military option against General Aidid following the June 5 ambush of the Pakistanis.

"I regret we had to be put in a position where force was necessary

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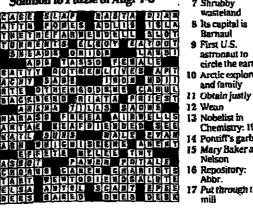
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Solution to Puzzle of Aug. 7-8



BAEDEKER BADINAGE By Jack L. Steinhardt

WHERE'S THE R.I. ROAD 93 Chilean coins 95 Attributes 97 Photographer Arbus: 1923-71

FERROR: A Police Scandal Gives Germans a Close-Up on a Quiet War

Continued from Page 1: ...

several attacks against private and government For most of this time, Mr. Steinmetz was also a police informer, apparently recruited after he was arrested for petry crimes. Detectives monitoring radical groups in the area found his information useful, but it was only last year. after he received an extraordinary offer from the Red Army Faction, that he become one of the most important police informants in mod-

em German history. Red Army leaders had responded favorably to a January 1992 imitiative by Justice Minister Klans Kinkel, now foreign minister, orging them to call off their killings in exchange for better treatment and possible early release for jailed comrades. They issued a statement pledging to stop killing "leading representatives of the economy and the state" while they awaited

further government moves. As part of their developing new strategy, the Red Army Faction decided to establish ties to militant leftists who lived legally and were not engaged in terrorism. In a series of clandestine meetings, Mr. Steinmetz became the first such In February 1992, Mr. Steinmetz traveled to

Army Faction's inner circle.
"The detectives were electrified," Der Spiegel

reported after the operation collapsed. "They had tried many times to place a spy in the core of the RAF, but had never come close to succeeding. Their man Klaus did it."

Mr. Steinmetz met Miss Hogefeld once more.

and also met other Red Army members, reportedly including one who is wanted in connection with the group's last two victims, Alfred Herrhausen, chief executive of Deutsche Bank, and Deticy Karsten Rohwedder, head of the gov-ernment agency charged with selling off formerly state-owned companies in Eastern Germany. It was from those contacts that Mr. Steinmetz learned of plans to blow up the prison near Darmstadt.

On June 27, Mr. Steinmetz traveled to the East German town of Bad Klemen for a third meeting with Miss Hogeleld. Another wanted Red Army member, Wolfgang Grams, was also present. The three met at the local train station. and as they walked through an underground passageway, the police opened their assault. It was later revealed that 54 police agents, most of them GSG-9 commandos, had been posted in and around the station.

Agents quickly wrestled Miss Hogefeld to the ground, but Mr. Grams fled up a flight of stairs.

In a shoot-out in which 44 shots were fired, one

a police agent had been accepted into the Red other, Michael Newtzella, 25, was killed. Mr. Grams was not bit, and police agents managed to subdue him on one of the station's tracks. Twenty-two witnesses have reportedly testi-fied that agents held Mr. Grams immobile for about 20 seconds, and that one of them then shot him through the temple from a distance of about 2 inches, Unlike many other Red Army members, Mr. Grams was not wanted on charges of commit-

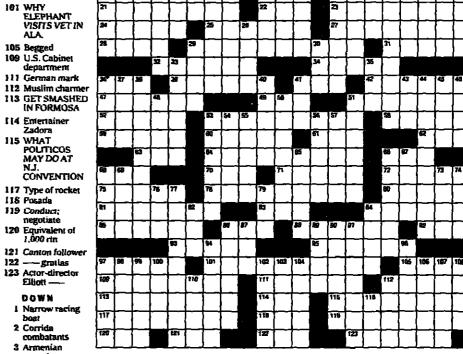
> terrorist organization. Within days after the assault, the full extent of the fiasco became clear. One GSG-9 agent had been killed, another had apparently killed a defenseless prisoner and police had lost the best chance they ever had of penetrating the terror

ting terrorist acts, but only of belonging to a

Germany's interior minister and chief prosecutor their jobs, but also sparked calls for a thorough reorganization of the country's various police and security agencies.
For their part, Red Army leaders appear ready to resume the terror campaign to which

The subscipient finger-pointing not only cost

they called a halt last year. "If you don't allow us, that is, people who are fighting for a humane society, to live, then you most understand that your clites also cannot live," the group said in a statement after the Bad Kleinen shoot-out, "Even if it is not in our interest, war can only be answered by war."



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Paris to meet Birgit Hogefeld, a Red Army. member whom the police had been huming for GSG-9 agent was seriously wounded and anyears. Their conversation marked the first time

Herald Tribune.

Time for Castro to Resign

A telling new appeal has been made for President Fidel Castro to resign and to allow of post-Castro Cuba as a socialist state has Cuba to work out its destiny democratically. The appeal does not come from the Cuban people, who are still prevented by the Communist dictator from expressing their basic political rights. But the source is still reputable and authoritative: the mostly Latin and Caribbean elected officials who signed newspaper advertisements in Colombia while Mr.

Castro was visiting there.

The signers cannot be dismissed, in the customary Castroite rhetoric, as lackeys of American imperialism. They speak for demo-crats and for a region where Cuba's defiance of democratic and human rights aspirations makes it a conspicuous post-Cold War anom-

aly. Resignation, with exile in, say, Spain. Mr. Castro's determination to hold on to power cannot be lightly dismissed. In changing regional and international circumstances, however, resignation becomes an ever more patriotic and positive option for a man who professes to be a stout nationalist but whose forcible and illegitimate tenure constitutes his country's single greatest obstacle to a stable and productive future. With Moscow's pa-

already been rendered entirely implausible. Change is ensured. But what kind?

A peaceful transition requires the dictator's prompt and orderly departure in order to ease the pressures now building among his repressed citizens, pressures that otherwise threaten chaos and even civil war in a Castro succession.

The United States will inevitably be a player in a Cuban transition. We have mentioned the need to start re-examining the American embargo to make the transition less burdensome to the Cuban people and to ensure that the responsibility for the country's miserable standard of living falls where it deserves: on Fidel Castro. It would similarly undercut a favored Castro practice of blaming the United States if Washington were to take concrete steps demonstrating its intent not to intervene in post-Castro Cuba militarily or politically. To treat another Cuban grievance, the United States should also be considering how to deal back the American base at Guantánamo. By such means Americans can best prompt Fidel Castro to let his country go free.

- THE WASHINGTON POST.

A Death-Laden Crime Bill

President Bill Clinton's crime bill is larded with provisions providing the death penalty for nearly 50 new offenses. That is the bad side of a bill that is constructive in other respects. Crime is one of the most difficult issues in American national life. Federal government officials are held accountable for the street crime that most frightens citizens, but most of the action ainst it is at the local level. This makes much of the national talk about crime empty.

Mr. Clinton's proposal is built on last year's crime bill and addresses practical things the federal government can do to assist law enforcement. This includes the badiy needed Brady bill, which requires a five-day waiting period before purchase of a handgun. This measure should be separated from the rest of the bill and passed swiftly. The president took a helpful step in signing an executive order expanding the ban on the import of assault-style weapons. Even better would be a push to ban the domestic manufacture of these weapons.

Drawing on a proposal from his campaign Mr. Clinton calls for \$3.4 billion in federal spending over five years to put 50,000 new police officers on the streets. If national politicians want to do something real to help local

governments fight crime, this surely qualifies. Mr. Clinton would also increase federal support for community policing initiatives, which put the police in closer contact with the neighborhoods they serve. The bill would expand community boot camps for youthful offenders, establish a police corps to draw college graduates into law enforcement and give more feder-

al help to schools disrupted by violence.
Unfortunately, too many politicians believe that unless a federal crime bill contains a lot of death-penalty provisions, it would not look "tough" and therefore would not be worth passing. This bill not only provides a slew of new death penalties but also limits habeas

corpus appeals in death-penalty cases. A better way to clear the courts of deathpenalty cases is to abolish the death penalty. Yes, capital punishment is popular, and Mr. Clinton's support for it was seen as a political asset in last year's campaign. What is sad is not that some citizens are so outraged by crime that they support capital punishment, but that politicians pretend that putting more people to death will actually make a large dent in the crime problem.

- THE WASHINGTON POST.

Helping the Neighborhood

passed in 1977 to direct more commercial bank organizations because their sole purpose is to loans into poor communities. It has not worked well. Community organizers have been frus-trated by the legal roadblocks thrown up by the make the program effective. Here's where he well. Community organizers have been frusbanks. The banks resent expensive paperwork. could turn to the Community Reinvestment Meanwhile, distressed neighborhoods wilt.

has also promised to re-examine the reinvestment act. The president wants to create a \$382 million fund to lend money and expertise to community institutions — such as community development banks and other nonprofit organizations — dedicated to developing poor neighborhoods. After these organizations put up matching funds, the proposal would generate about \$2 billion in new loans.

Community organizers say they need more, say \$15 billion. Commercial banks object that the plan makes them ineligible for the federal money. Yet Mr. Clinton is wise to sidestep commercial bankers, who have shown that they do not want to lead to credit-risky homeowners and small businesses. Mr. Clinton prefers to

The Community Reinvestment Act was give money to the community development spur development in poor neighborhoods. Act. Some Democrats and Republicans in

Relief may now be in sight. The Clinton Congress have proposed letting commercial administration has proposed a new way to banks buy themselves out of their responsibil-channel credit into blighted communities. It ities under the act by pumping money into community development institutions instead of lending it directly to risky individuals and businesses. It is a good idea. The commercial banks would save themselves huge legal expenses designed to prove they are complying with an act that they now mostly sidestep. The community gets the capital it needs.

Community organizers will oppose allowing banks to ignore the act even though their 16-year effort to hold the banks to its terms has produced little success. But they should grab the far more challenging opportunity
Mr. Clinton offers them: the chance to direct a fresh infusion of federal funds to people and businesses in need.

- THE NEW YORK TIMES.

A Dose of Eau de Potomac

O.K. this clinches it. It's the water in the Potomac River. That water goes into reservoirs around Washington. Some of it reaches Congress and we get the federal budget. Some is obviously affecting the people in charge of President Bill Clinton's image. And most clearly, a big dose of eau de Potomac has been mbibed by senior Marine Corps officers sitting in front of word processors in the Pentagon. So the Marine generals decide they will take only unmarried recruits. This is too rich. Even the Roman Catholic Church is thinking that a singles-only recruiting policy has not worked all that well. The beauty part was the plan to have Marine Corps officers conduct "marriage awareness training" before the newly inducted recruit would be allowed to take a spouse. This news has every stand-up comic and gag writer in America in a feeding frenzy. But none could have outdone the gag lines in

the directive itself, describing what would happen in these awareness sessions.

It is an opportunity for the Marine to get counsel on one of the single most important decisions of his/her life and benefit from the advice of seasoned Marines who have experi-

enced military family life." You have to love the idea of "seasoned Marines" conducting psychobabble sessions.

"Lance Corporal Him/Her, marriage is pretty much a beach assault in heavy sea conditions even if you don't wear this uniform. But try it as a Marine and you'll be pinned down by enfi-lade fire for years. So take it from a hardened veteran of military family life, it is better to march than to marry. And hey, trooper, let me help you with that Dear John/Joan letter. I've

busted up a hundred of these madeap schemes." The commandant, General Carl E. Mundy Jr., reportedly backed the zero-matrimony campaign, but he prudently said the directive had been issued without his knowledge. It also seemed to sneak up on the secretary of defense and the commander-in-chief, who was hoping to get off on vacation without another Stupid Pet Trick. David Gergen, that plastic surgeon of untoward presidential moments, said the president was busy bragging on an army general when the Marines ran amok. When Mr. Clinton got back to the Oval Office, why he had

never, never, never, ever been so astonished. So, no harm done. Defense Secretary Les Aspin, recovering from his own bout of astonishment, reversed the marriage ban. We can only say, Flow on, intoxicating Potomac. And thank Providence that Washington got his

inspiration along the Delaware. - THE NEW YORK TIMES.



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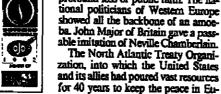
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Mng. Dir. U.K



Heed a Russian 'Cry of Despair' in Estonia

MOSCOW — Until recently few Europeans had ever heard of Narva, a small Estonian town at the border with Russia in which ethnic Russians make up over 90 percent of the population. Today this town symbolizes one of the most serious challenges to European stability. At issue is the status of national minorities in the newly independent states of the former Soviet Union.

The prevalence of the Russian-speaking popu-lation in northeast Estonia has a historical background. Many Russians were born in Estonia and have never left its territory. They have nothing to do with the crimes committed by Stalin's regime. Nor did they have anything to do with the secret protocols which in 1939 laid down a foundation for Stalin and Hitler to decide the destiny of the Baltic states. Indeed, when a movement aimed at establishing democracy and regaining independence emerged in Estonia, the majority of Russians took its side. These people did not have even a slightest idea

that one day they would be suddenly declared aliens in their own country. Let a European reader put himself in their place and think about what Russia's response should be.

The present Russian leadership could hardly be suspected of any ill will regarding the Estonian republic. I can attest to the fact that President Boris Yeltsin was the first to speak out in support of independence of the Baltic states the other than the other than the states. when the authorities of the former Soviet Union were trying to suppress them with the help of tanks. I was also present when, immediately after the failure of the August 1991 putsch, the Russian president signed decrees recognizing the independence of Latvia, Lithuania and Estonia.

In 1991, Russia and Estonia signed a treaty establishing a principle of choosing and obtain-ing citizenship with no restrictions imposed. But developments have taken quite a different turn. By a stroke of a pen, the majority of Russians were deprived of the right to Estonian citizenship as well as of a whole gamut of political and social rights. A third of the country's population has

peen denied representation in parliament. One discriminatory law has been followed by another. The local administration election law has deprived Narva's resident noncitizens of the possibility of nominating their own candidates for the local administration. The education law, while not yet in force, has significantly limited children's opportunities to be instructed in their native language. Another law has declared all noncitizens of Estonia aliens. Ironically, this law was passed immediately after Estonia's admission to the Council of Europe. Instead of encouraging the

P ARIS — A year and a half ago, it was possible to argue that the

siege of Sarajevo was not "a new Sarajevo." Unlike in 1914, the great

powers were not interested parties. It

was a domestic tragedy, of interest to

a larger world because of the Serbs'

of the Archduke Francis Ferdinand

resulted in the destruction of the

Hapsburg, Ottoman, Hohenzollern

and Czarist empires, and the replacement of the bourgeois civilization and

order of Europe as it had been by a new order of apocalyptic political movements, racism, class warfare, eco-

What Sarajevo 1993 is accomplish-

ing is the destruction of another order.

Then, the Serb-inspired assa

nomic crisis and genocide.

ominous defiance of the principles of

By Andrei V. Kozyrev The writer is foreign minister of Russia.

Estonian leadership to establish high standards in the field of human rights, this act has been con-strued by nationalist radicals as a "green light" to pursue policies reminiscent of ethnic cleansing.

The aliens law was the straw that broke the patience of the residents of Narva and the Russian-speaking populations in other regions of Estonia, sparking a referendum in which the overwhelming majority spoke in favor of the national and territorial autonomy of these regions within the Republic of Estonia.

Whatever is said with respect to the legality of this referendum, its results deserve attention if only as a reflection of the mood prevailing among a major part of the Russian-speaking population. It would be unwise to ignore this. It also would be simplistic to explain the outcome by referring to the schemes of the for-mer "Soviet nomenklatura." Neither the leaders

Things will settle down only when the Russian residents are told in clear terms that they are fullfledged citizens of Estonia.

nor the overwhelming majority of ordinary Narva residents could be called extremists. They do not wish either to emigrate or to secede from Estonia. All they want is to enjoy the same rights

as Estonians living next door. Recently, there have been some encouraging signs of the readiness of the Estonian government to mitigate the most odious discrimination measures, taking into account some of the recommen-dations of Max van der Stoel, the CSCE high commissioner for national minorities. It seems a dialogue is about to start between the authorities and representatives of the Russian community. But the general atmosphere surrounding the Russian-speaking population has not radically changed. They still live in conditions of psycho-

logical stress and uncertainty. Measures taken by the government of Estonia to bring about the normalization of interethnic relations will be effective provided that they are meant to win understanding and confidence of national minorities rather than the applause of the government's foreign partners. Amendments

Sarajevo: Great Powers Play Out the Tragedy Again

By William Pfaff

to the legislation might satisfy international experts on human rights, but in the long run every-thing will depend on the feelings of the ordinary

workers and employees of Narva. Take for instance the issue of knowledge of the Estonian language, a major condition for obtaining citizenship. Today, the Estonian authorities are beginning to acknowledge that special incentives are needed to persuade Russians to learn the condition of the conditions are needed to persuade Russians to learn the conditions are the conditions and the conditions are the conditions and the conditions are conditions. Estonian, But was this not known before? Was it worthwhile to keep on building up tension in-stead of providing Russians with access to the Estonian national culture and language?

Things will settle down in such areas as Narva only when the Russian residents are told in clear terms, without any juridical pettifoggery, that they are full-fledged citizens of Estonia. A major-ity of problems would be solved.

That would be the best way out in terms of the Estonian-Russian relations, too. The issue of the Russian-speaking minority in Estonia is not a bone of contention between Russia and Estonia Russia lays no claims to Estonian territory. On the contrary, it is Estonia that has territorial claims to Russia. Tallinn is still unable to forget the offenses of the past, for which present-day Russia has no responsibility, and continues to stick to the mentality of 1940. All this only plays into the hands of extremists and those professing xenophobia on both sides of the border.

Russia cannot be indifferent to the fate of Russians in Estonia. But let nobody regard this as a manifestation of an imperial syndrome. In the past, states would send gunboats to protect even a dozen of their citizens. Russia is responsible for millions of compatriots who have found themselves outside the boundaries of the country. We are making every effort to persuade the tonian government to resolve the problem of the Russian minority, and call upon Europe to

give us a hand in achieving this goal.

Our attitude is motivated by concern for the maintenance of stability throughout the territory of the former Soviet Union. We have seen on too many occasions in recent years that whenever interethnic conflicts bring bloodshed, reconciling the rivals becomes nearly impossible.

This is why the events in Narva should become a touchstone of the ability of Europe to effectively prevent and extinguish conflicts. The "cry of — and this is how the referendum in Narva could be termed - must be heard by the European public and dispel the complacent and halcyon vision of the situation in Estonia. Europe should heed the message from Narva. International Herald Tribune.

too late the implications of aggression

and ethnic purge in ex-Yugoslavia. Washington has correctly insisted,

however, that the crisis directly threat-

ens Europe, not the United States, and

that dealing with it has been primarily

They had a right to criticize the

American insistence that others take

Still, they are responsible for the

fact that Europe has now moved

from a position that said that nothing

could be done in the conflict without

American leadership to a position

that rejects American leadership while Europe does nothing. Western Europe had already pre-

sented Americans with a speciacle of economic difficulty, confusion and

protectionism; a monetary union in

crisis; a Maastricht treaty fiasco; a

German failure to integrate East Ger-

many, and a Community practicing a self-interested policy with respect to

the struggling East European econo-

mies. Now appeasement of aggression in the former Yugoslavia and ratifica-

tion of the results of ethnic cleansing have been added to that picture.

bias. The Clinton generation's experi-ence is not of world war and Atlantic

construction but of the Vietnam War,

the dynamic development of Japan and the other East Asian economies,

and of the demographic shift in the

United States, where the Asian popu-

duce U.S. military and political engagement abroad. This was to have

meant a gradual and limited disen-gagement from Europe, in which the

responsibility for pan-European order would have been assumed by the de-veloping institutions of a united Eu-

veloping institutions of a united Eu-rope. As a consequence of what now has happened, one must assume that there will be a rapid disengagement, which is unlikely to prove limited. Europe has made itself again, in American eyes, what it was to Wood-row Wilson in 1916: a place of "power politics" and "icalousies and rivalvies"

politics" and "jealousies and rivalries" from which a prudent America guards

its distance. That it ended as it actually

did for Wilson's America adds to the poignancy of the situation today.

International Herald Tribune.

C Los Angeles Times Syndicate.

This administration intends to re-

lation has soared.

The Clinton administration came into office in January with a Pacific

all the risks of ground opera-

When the Clinton administration

Europe's responsibility.

A Number Unwind By Hobart Rowen

WASHINGTON — President Bill Clinton has had to withdraw his claim that a full-point reduction in long-term interest rates would add a ... \$100 billion thrust to the economy.
"We're now saying \$50 billion to \$100 billion," an economic adviser to the president, Gene Sperling, told me. The reason: When private econometric model-makers challenged the esti-

mates of Federal Reserve Board staff.

Watching

which originally supplied the rationale for Mr. Clinton's claim, the White House decided to play it safe. Even \$50 billion represents a larger thrust for the economy than conventional wisdom had accepted as the probable result of a contractional fiscal policy. Yet the White House assumes a political risk in downshifting

to the more modest projection. When most of the economic growth initiatives in the Clinton budget were dropped by the House-Senate reconciliation committee, Mr. Clinton had to fall back on the hope that deficit reduction itself, by generating record lower interest rates, would act as the main engine of growth. Low interest rates, the Federal Reserve agreed. would free business and consumers to stimulate the economy by reducing their debt and by making new invest-ments and substantial purchases. The question was, and is, by how much?

This exercise started with a Fed computer run back in January which concluded that each "basis point" reduction in long-term interest rates could be equated to a stimulus of \$1 billion. Surprised Fed officials even rechecked the result.

From a high of 8.1 percent in May 1992, long-term interest rates have dropped more than 150 basis points. Altogether, it is not unreasonable to attribute 100 points of the decline to

prospects for deficit reduction.

Originally, Mr. Clinton was looking to more conventional ways of kickstarting the economy. He had pro-posed a \$15 billion short-term stimulus package that was killed by a Republican filibuster. His temporary investment tax credit, costing about \$16 billion, was voted down. As Democrats and Republicans attacked his long-term program as "tax and spend." Mr. Clinton had to accept token money for what had been an ambitious economic growth component.

Obviously, the Fed's calculations were music to White House ears. In an April 2 speech to the American Society of Newspaper Editors, Treasury Secretary Lloyd Bentsen said: "My friend Alan Greenspan tells me that a drop of 10 basis points is the equivalent of a \$10 billion shot in the arm for the economy." Mr. Clinton, Laura Ty-son, the head of the Council of Economic Advisers, and other administration officials milked the same theme.

search organizations and outside economists began to offer a lesser evaluation of how much impulse low-

er rates would give the economy.

An economist at the Brookings Institution, Barry Bosworth, said, When you crank this into the computer, you get results all over the place." Lyle Gramley, a former gov-emor of the Fed and now chief economist for the Mortgage Bankers Association, told me that a stimulus of \$100 billion for a 100 basis point drop was "exaggerated."

A macroeconomic model constructed by Data Resources Institute put the thrust from a full percentage point drop in long-term interest rates as low as \$30 billion. Others suggested \$50 billion and \$70 billion as possible results. But none went as high as \$100 billion.

Sources outside the Fed suggested that the central bank "got a little nervous." While there is nothing to indicate that the Fed has altered its own estimates, officials there will not talk to reporters about this subject.

The White House is still counting on lower interest rates to offset the contractional force of deficit reduction. Mr. Sperling said that the precise amount of stimulus was not as impor-tant as the certainty that deficit reduction would move the economy ahead: "When you have a credible deficit reduction plan, it lowers long-term real interest rates, and gives the economy a stimulative effect, even before any of the deficit reduction takes place, and that can put the economy on an even a stronger footing as it goes into a period of deficit reduction

Nevertheless, having touted the \$100 billion figure so prominently, backing off is an embarrassment for the administration, especially when the potential monetary thrust now appears to be the only big stimulus that the administration can claim for the budget package.

The Washington Post.

postwar European order, but only for that reason. It no longer is possible to finally attempted to intervene in the crisis, it was blocked from doing so, principally by the French and the British. The two have a plausible rea-European union and Atlantic securidefend this position. The events symbolized by the siege ty are becoming demoralized. The itself entirely to the divided will of game of blame has been launched. of Sarajevo have now become of a the European Community members, son for objecting to a military interscale that may in the end bear compar-ison with those of Sarajevo 1914. vention that would have made their The project of a common foreign peacekeeping and humanitarian forces the object of Serb reprisals.

has guaranteed international order. The Balkan crisis has set France against Germany, Britain against both, and the United States against all. Consequently, the smaller powers that had committed themselves to

alliance, the moral as well as political-

military accord that for four decades

and security policy for Europe has been revealed to be a sinister charade, sinister because the idea that there should be a single policy has rationalized the failure of the European gov emments to assume individual responsibility for dealing with Yugoslavia.

France's constant demand for a sovereign Europe has been made to seem grotesque by Europe's incompetence in dealing with internal European aggression. France's claim to policy autonomy, promulgated by Charles de Gaulle and since defended

ure, has been shown to be empty. Today, France could reasonably be argued to be the second-most-powerful nation in the world, the major industrial state that, next to the United States, possesses important mili-tary forces that it is politically capable of employing in foreign operations. But Paris subordinated then to the inherent obfuscations of the UN Security Council and the operational incompetence of the UN system, and finally to President Bill Clinton. What is the point of its proud regiments, its Foreign Legion,

its nuclear aircraft carriers, its glorious military displays each July 14? Europe has earned the contempt of Americans by its behavior on Bosnia, producing a U.S. alienation from Western Europe that will last and be

damaging to both parties.

The conduct of the United States, which fears commitment, has been inglorious as well. It has ignored until



A Disaster Slogging Toward a Climax

N EW YORK — The West's worst moral and political disaster since the Nazis is coming to a climax. And just as many politicians and in-stitutions paid for the failure to stop Hitler, so many will pay dearly for allowing the Serbian tyrant, Slobo-dan Milosevic, to destroy Bosnia. George Bush will go down in history as the president who promised a new world order and then undermined it by his own weakness. The man who rallied the world to save the feudal regime of Kuwait and its oil did nothing to stop the dismember-ment of a civilized country in Europe,

or the genocide of its people.

Mr. Bush's secretary of state. James Baker, helped to bring on the tragedy. As Yugoslavia was break-ing up, in June 1991, he went to Belgrade and said the United States wanted to maintain Yugoslav "unity and territorial integrity." Mr. Milo-sevic took that as a green light to use the Yugoslav Army against Slove-nia. Croatia and then Bosnia as they

declared their independence. The European Community, that expression of hope for a united Europe, proved unable to respond to disaster on its doorstep. For that failure the Community has already suffered a profound loss of public faith. The national politicians of Western Europe showed all the backbone of an amoeba. John Major of Britain gave a passable imitation of Neville Chamberlain. The North Atlantic Treaty Organization, into which the United States

By Anthony Lewis

rope, could not summon the will to act. Leaders devoted themselves to inventing disguises for their cowardice.
When, this spring, there was a chance for significant NATO action, it was undone by the weakness of a second American president. Bill Clinton could have led NATO to adopt his policy of lifting the arms embergo on the Bosnian victims and carrying out air strikes on the Serbian aggressors. But he did not lead, and Europeans depend on U.S. leadership even to

deal with European security problems.
The United Nations suffered grievous wounds. Its peacekeeping func-tion, which has proved valuable in many places, was so grossly misused in Bosnia that the peacekeepers became handmaidens to genocide.

The UN forces were there to safeguard the bringing of relief supplies to besieged Bosmans. They had to beg Serbian killers to let them through. They did nothing to stop the Serbian murder and expulsion of Muslims. The UN troops did not even fire back when the Serbs delibcrately rained shells on them.

In the end the UN forces acted as a protection for the Serbs against the threat of NATO bombing. Mr. Major and others with troops there opposed bombing because the Serbs might then attack their men. The UN Security Council designated six "safe areas" for Muslims —

and then did nothing when the Serbs mocked the order. Roger Thurow of

The Wall Street Journal, describing how Serbian tanks and howitzers fired every night into the "safe area" of Bihac, correctly described the UN designation as "cruel and ludicrous."

Lord Owen of Britain, acting as an

international mediator, went so far to make the Muslims sign anything that could be called "peace" that his repu-tation is gone. He reportedly is now urging the Muslims to let the Serbs have part of besieged Sarajevo. Can anything be saved from this record of folly and fear? Perhaps a

little, Mr. Clinton could finally push through his plan of bombing to break the siege of Sarajevo. That would not save Bosnia, but it would at least limit the terrible precedent of weakness be-fore a tyrani. It could deter Mr. Milosevic from attacking more countries. Most important, it would show that Mr. Clinton has begun to understand

the use of power in foreign affairs.

It is essential also to finance and carry out the UN Security Council resolution for a tribunal on war crimes in the former Yugoslavia. If Mr. Milosevic and his cohorts are charged and refuse to appear before the court, they would be unable to leave the hellhole of a Greater Serbia

that they have created. But the inhumanity will remain unhealed. Looking at the scene in Bosnia, we should say what Shake-speare, in "Henry V," had the French noble say as he looked down at the shattered field of Agincourt: Shame and eternal shame, nothing

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Southern 'Sport' PARIS - Some more bull-fighting atrocities are reported from the generous South. A telegram from Bor-deaux states that at the Franco-Spanish arenas there, the torero was knocked down and gored by a buil. One horn pierced the buil fighter's right thigh. At Nimes, at the grand buil-fighting exhibition, in the presence of the local authorities and 45,000 spectators, several bulls were slowly killed. Many of the horses came back from the "sport" with their sides ripped up and covered in blood.

1918: Spanish Honor

MADRID - The "Pais" this morning [Aug. 14] has an energetic editori-al: "It is necessary to call the atten-tion of Spaniards most strongly to what is happening to Spain in this war. The Spaniards are asleep. The Germans are treating Spam like a con-quered country, insulting us, tramp-ling on our honor, assassinating our

fellow-countrymen, stopping our supplies on their way to Spain and using our country as a field for their political manocuvres against the Allies." The article concludes by calling upon Se-nor Maura to act in accordance with Spain's interests and honor.

1943: Rome Celebrates

LONDON - [From our New York

edition.] The Italian government declared Rome an open city tonight [Aug. 14], but a United Nations broadcast informed Italy that the Al-lies will continue to bomb the Eternal City until proof is furnished that it no longer is being used for military pur-poses. This would mean removal of all ministries, government agencies, mili-tary organizations and war industries from Rome, and, the cessation of military traffic through the capital. Reports said there were scenes of wild joy in Rome when news of the open city spread. Tens of thousands of Romans paraded the streets cheering King Vic-tor Emmanuel III and Pope Pius XII.

August 14-15, 1993

For 'Adam and Eve,' A New Home in Treviso

By Kate Singleton

REVISO, Italy — You don't need an excuse for visiting Treviso. It's an attractive, harmonious city, alive with bubbling waterways and just far enough north of neighboring Venice to avoid the fourist hordes.

Like many of the smaller Veneto cities, Treviso is pink and bright with medieval and Renaissance palazzi built using terra-cotta bricks and tiles, with the slim clerestory pillars and the balconies picked

tively affluent (both Benetton and Stefanel are local names), the trevigioni are also duly proud of their opera house and their art collectheir artists. And so it is that more than a thousand of them recently chibbed together to purchase a remarkable scuipture by Treviso-born Artaro Martini, one of the foremost creative geniuses of the early 20th century. Sculpted in 1931

for a private patron, Martini's "Adam and Eve" now stands in the center of the cloister of the Museo Civico, where the pathos of the two fixmes is drawn out by the ideal proportions and leafy simplicaty of the surroundings. It's a work that speaks of innocence and the incluctable evolution of knowledge and concomitant pain in such searing terms that the visitor cannot fail to it is merely the first Arturo Martine's "Adam and Eve."

stage of a magnificent permanent exhibition that is worth a journey in its own night.

i its own right.

Martini was born into an extremely poor, unlettered family in 1889. Like many underprivileged children of his time, his formal education came to an end before he had completed elementary school. Following a number of short-lived jobs, he became an apparentice to a goldsmith, and was thus able to develop what he discovered to be an innate sesse for develop what he discovered to be an innate sense for sculptural form. He also enrolled in sculpture classes at evening school, where his treather was the painter Giorgio Martini (no resinant). At the basis discribed this period and what he learned about modeling in clay as "my school of ceramical about modeling in clay as "my school of ceramical about modeling in the clay as "my school of ceramical about modeling in the clay as "my school of ceramical and encouraged by the

Martini worked on a number porter. One of these indirectly helped him become a pupil of the Treviso sculptor Antonio Carlini. "He taught me to form, to draw cut the taught me to form, to draw cut the taught me to form. nght me to form, to draw out the forms from the clay and turn them into plaster, and I appreciate

what knowing how to do this means." This was in 1905. The next five years were a vortex of varied artistic and human experience. There were exhibitions in Treviso and Venice, study at the Scuola libera del Nudo in Venice (Arturo enrolled on the same day as Umberto

with the work of Medardo Rosso and other contemporary artists, encounters with the brothers Giorgio de Chirico and Alberto Savinio while visiting Munich, and the impact there of the German and Austrian Secession.

Back in Treviso, spates of fervid creativity afternated with moments of near desperation for lack of funds. "Tired of not being able to acquire even the basic tool of my trade, drawing paper," he wrote to one of his supporters in 1913, "I feel painfully obliged to turn to you as the only person who still

follows our art movement with interes-. . . If I could only find someone who would accept all my output in exchanot for money but for the materials necessary for my work I

would be happy."
Even in his days of penury, Arturo Marim was a tircless experimenter. During the war years, when he was called up, he managed to create ceramic plates from which he made prints with interesting luminous (gloominous?) Civico has a large collection of these and later "cheramographs", as well as imo-cuts and xylo-

However, the one material that he tended to avoid was bronze, possibly because he was unable to do the casting him-self. The splendid exception belonging to the Treviso collection is the "Pisana," sculpted in 1928 and cast in 1930. The sleeping female figure lies face downward her posterior roundly

arched and her whole person emanating an aura of warmly dormant sen-

snality.
This was Martini's ideal woman: "I adore her and perhaps have loved her alone throughout my life." The same figure returns in the terra-cotta
"Venere dei porti" (Venus of the Docks) of 1932, and in 1941-42 with the "Donna che miota sott acqua" (Woman Swimming Underwater), where the relationship between weightlessness and heavy matter is explored in terms that are startlingly new

and advanced.
Although certain recurrent threads can indeed be found in Martini's work, what the Museo Civico collection shows is that his most consistent feature was not a particular style or subject matter, but rather a ceaseless search for new ways of expressing his personal vision. The range of the vision embraced in four decades of artistic achieve ment (Martini died in 1947) is quite remarkable for

"Reality interests me rather as the vocabulary may interest a writer," said Martini in 1933. "Rarely has reality brought to my mind a work of art: Even a portrait, when it is a very good likeness, has nothing to do with reality. To see reality I close my eyes."

Kate Singleton lives in Italy and writes frequently on cultural offairs.

Pictures (in Pictures) at an Exhibition

ONDON — How closely do we look at paintings by the most famous masters such as, say, Vermeer when we set foot in the world's great museums?

The short answer that emerges from "Themes and Variations: Pictures in Pictures," one of the year's most original and stimulating art shows, is: not nearly enough. As for the lesser masters or samply masters of lesser repute because too little is

SOUREN MELIKIAN

known about them, we barely take

Even attentive visitors to the show (at the National Gallery until Sept. 18) might not recall the name of Quiringh van Brekelenkam or, above all, his beautiful view called "Interior of a Tailor's Shop." Done in a uniquely Dutch lighting, it has a Rembrandi-like whiff to it. Faces half-dimmed by shadows give a searching look.

Although realistically painted, it is full of that inner mystery projected by the gravity of the expressions and the postures so typical of Holland in the two decades from 1648-1668 when Brekelenkam is known to have been working.

High up on the wall under the low ceiling of the shop, the viewer can make out a still life with a stoneware jug. It is very much in Brekelenkam's own style in still life painting, suggesting he took the whole scene from real life, perhaps after selling one of his works. The rare document of social history highlights the extraordinary diffusion of painting in Holland among the less privileged classes. This struck the English traveler Peter Mundy. While in Holland in 1640, he noted that the Dutch had such a great liking of art that "even blacksmithes, Cobblers etts., will have some picture or other by their Forge and in their Stalle."

THER "pictures in the picture" document strange customs. There is a famous Venetian view by Canaletto that shows a crowd of onlookers, their backs turned, watching the Doge and his retinue on a visit to the church of San Rocco. This ceremony took place every year on Ang. 16 to commemorate the end of the 1576 plague. The 18th-century painter has chosen to show the crowd standing in front of the Scuola di San Rocco, not the church.
In such circumstances, its facade

would be himg with paintings by contemporary artists from Venice. Canaletto was not interested in the detail of the pictures, done in such sketchy fashion that they could pressionist leaning toward Abstractionism early in this century. have been con He only wants to create a visual impression of the display. Even a Venetian view on the far right, probably his own, defies identifica-

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Lehmann-Haupt

Reviewed by Christopher

any special talent for the game.

And then he was presented with

a wondrous gift: he found that his

Pasadena and Los Angeles and handing out anti-Semitic literature

on street corners? Writing his first

BOOKS



Most gripping are the works showing artists in action. A 16thcentury anonymous artist working in the manner of the Fiemish master Quentin Metsys chose an unusual theme for the narrow vertical panel of what once served as the inside shutter of an altarpiece. Saint Luke is seen as a painter at his easel, putting the finishing touches to a Virgin and Child.

Luke is seated on a cushion of red Venetian velvet with formal blossoms in the Middle Eastern taste, the only allusion to the Palestinian background. Near him is a stool of a type still produced, but of which no early specimen survives, with three cylindrical legs and tri-angular tablets. On top, an oaken vase, with the grain of the wood very carefully painted, owes its shape to metallic prototypes, and near it a kmie and a mussel shell complete the utensils. It all provides a rare insight into the paraeval artist

Another picture is subtly mov-ing. The label says it was done "after Wallerant Vaillant, 1623-1677." A youth, his back turned three-quarters to the viewer, bends

over an open album. The head with no. And yet, how many have ever tousled hair and eyes nearly closed in concentration is sensitively done. Dominating the scene, a plaster cast made after Michaelangelo's Bruges Madonna looks down on it all with a curious smile, from the pedestal on which it is hoisted. Another large-size in-folio album. propped against an indistinct piece furniture, is opened to reveal a head drawn in pencil after the antique, while a bundle of sheets, probably more drawings, is visible in the background.

ANDLED in the restrained northern chiaroscuro lighting inherited from the Caravagesque age, this offers a wonderglimpse of an artist in the making amid all that he aspires to emulate — the high Renaissance genius, Roman antiquity. If this is a work "after" an original, not simply a variant, it is one well worth pears to have been lavished on it so far. It truly is a revelation that must have been overlooked hundreds of times by unseeing visitors.

But no one could argue oversight in the case of the great Parmigiani-

focused on the remarkable atten-

tion given to the art surrounding the man he portrayed seated behind a table? Above him, in a corner, a marble high relief of Mars and Venus broken off from some ancient Roman monument was the excuse for including the portrait in the show - the relief is pictorial, if not a picture. But I find the objects just as interesting. The man clutches a binding with metal fittings and studs over velvet - no doubt some rare illuminated manuscript. The other hand rests on the table, almost touching three ancient Ro-man coins that he has just pushed forward. Near these is a bronze

the label assures). relief must have held pride of place in his mind. It is tempting to speculate that the collector commissioned the portrait and that Parmigianino must have been a collector himself to respond with that kind ing?

of incisive sympathy. There may well have been some intended symbolism in the prominence given to the relief.

By then, the picture within the

picture was becoming a way of delivering coded messages. Symbols were a fundamental mode of expression in a world steeped in Greek and Roman classics and in the literature drawing on its themes. We tend to forget this as we gaze at world famous works such as Vermeer's portrait of a young woman standing at a virginal. Behind her is a painting of a small child naked, with tiny wings. This is Cupid, the god of love, seen raising a blank card — the message -and signifying the woman's single-minded love. Were there other intended allusions in the small, very beautiful landscape to the left and in the other landscape painted on the inner face of the rais the musical instrument? Perhaps. Probably. But presumably linked to the character's circumstances, they now clude us forever.

The matching counterpart to that picture is the portrait of a young woman seated at a virginal, also by Vermeer. Above her, on the wall, there hangs an interpretation of a well-known painting now in the Boston Museum of Fine Arts. "The Procuress," by Dirck van Baburen. A bearded man roguishly leers at a woman who plucks a stringed instrument as she complacently raises a beaming face. An elderly woman who has arranged the meeting holds out her hand.

AN Baburen's picture looks like a harsh comment on the scene painted by Vermeer. The young woman at the virginal with both hands resting on the keys sits right under the woman selling her charms in Van Baburen's composition, in a symmetrically opposite posture. In the forefront of the picture is part of a very large viola di gamba very similar to a modern cello. Rather than a direct illustration of a woman selling herself, as the label suggests, it looks more like a warning. She has not picked up the viola yet, Indeed, she plays music on the virginal, which symbolizes pure feelings of harmony. Here, too, the raised lid of the keyboard reveals a landscape precise enough to suggest a possible identification in the future. With this unpretentious and

highly intelligent show drawn from the museum's resources the orgastatuette of the Renaissance (rather nizers have opened up a whole new than an ancient Roman figure, as line of thinking. Done on a shoe-This is obviously the portrait of a string, without a catalogue, not collector. He has that tense alertness in his expression, that flush of
strike some sort of agreement with contained excitement of those who an art magazine and have pullouts live with art and have just been sold separately at minimal producshowing treasured possessions. The tion cost to them? — the exhibition sion, and would justify a book. It invites another show on objects in pictures that could be far more rewarding. Or is this wishful think-

Boccioni, of later Fatarist fame), acquaintance MORTAL GAMES: Reconsidering Rembrandts Garry Kasparov

By Carol Vogel
New York Thrues Service

Rembrandt Research Project, a committee established 24 years ago by the Dutch government to determine the authenticity of the many works attributed to Reinbrandt, has lost four of its five members and is giving up the system of comorssenship by consensus that has rankled scholars, curators and dealers for most of the its existence. Now the art world is asking what direction the project will take and whether crucial works by the Dutch master will be re-evalu-

"The file is never closed," said Ernst van de Wetering, the remaining member of the project. Each painting is in constant discussion. The resignations came sometime last spring amid indications of considerable disagreement within the group. Those who left were of retirement age, and, citing the "pas-sage of time," said they were aware of a need for "a change of ap-

During the 1920s, more than 700 paintings were attributed to Rembrandt. By 1969 — the tricenten-nial of his death — the number deemed to be germine had fallen to around 400, and that figure is expected to drop to 350 or so by the

end of the century. Over the years, critics of the project have assailed the notion of connisseurship by committee, especially a committee that ignored the opinions of other experts who took exception to the project's findings

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It is not surprising, then, that the project's new look has been greeted favorably by art administrators both here and abroad. Van de Wetering, the youngest member of the former team, will now work with a varied group of specialists who will consult on a painting by painting basis. "I want to be more in contact with the art-historical world," he said. "There will be a looser group connected to the project." Among those van der Wetering is calling upon for expertise are specialists on signatures, costume and iconog-

When asked about the change, Christopher Brown, chief carator of the National Gallery in London, said: "It's very positive. The new group is a younger generation. The project will work more widely with a group of experts that will include museum curaturs, and in the process many paintings will have to be

From a market perspective, the

GUIDE

HARRY FANE

wishes to purchase old

CARTIER

clocks, cigarette cases, powder boxes.

desk accessories, photo frames, etc.

Please contact:

and its strict methods of attribu- imprimatur of the project has been a seal of approval that ensures the value of the work. But rejection or downgrading by the project can be financially devastating to a muse um, a collector or a dealer. Works previously attributed to Rembrandt at major institutions worldwide have been downgraded by the project, as have works in private collections.)

> says the project may well change several attribu-tions it had previously made. When the project first began, its aim was to publish five volumes covering Rembrandt's cawe can review discussions we have had about earlier works," he said. That's not to say we can redo the whole project, but certainly there will be an overview that will give new ideas about authenticity."

book was Waitzkin's way of exploring his dilemma. The Turbulent Genius of No such drama, alas, is built into

Waitzkin's new book, "Mortal Games: The Turbulent Genius of Garry Kasparov." Joshua Waitzkin plays a minor role by holding Ka-By Fred Waitzkin. 302 pages. sparov to a draw as one of 59 schoolchildren playing the world champion simultaneously in New York City in February 1988.

CHARMING drama was In the book's best scene, the au-A built into the very idea of Fred thor approaches Kasparov a year and a half later at a party for him at the Upper East Side Manhattan Waitzkin's first book, "Searching for Bobby Fischer," the movie of which is about to open.

Here was the author, inspired to apartment of Olga Capablanca, the widow of the onetime world champlay chess by the world championpion Jose Raul Capablanca. When ip match between Bobby Fischer Waitzkin introduces himself and AN DE WETERING and Boris Spassky in 1972, but all begins to recall the exhibition, Katoo soon having discovered, like so sparov interrupts him by exclaimmany at the time, that he lacked ing, "Your son is Josh?"

But most of what follows is anticlimactic and creates a sense that

to tell. Not that Kasparov isn't a lively character and a far cry from the usual monomaniacal chess genius. Armenian on his mother's side, he is obsessed by the persecu-

tion of Armenians by Azerbaijanis in his native Baku, which was occurring at the time, in early 1990. and he is convinced that the Soviet leader, Mikhail S. Gorbachev, has been cynically stirring up ethnic unrest for his own political ends. With anti-communism on his mind and his blossoming business

interests, the champion has plenty to distract him as he trains for his difficult match with his longtime rival, the former world champion Anatoli Karpov. Nor does Waitzkin fail to convey some of the tension of the 24-gam

match, half of which was played in New York City and half in Lyon,

France. He has worked conscien-"Mortal Games" has no real story tiously to "translate the drama and daunting intricacy of Garry Kasparov's chess into accessible language," as he puts it, and he often succeeds: "As a player, Kasparov stretches to make complications, to create profound confusion. Then, with a mind which sees farther and faster, he works his way through the dense chess jungle, as he likes to call it, until, bleeding and exhaust-

ed, he discovers the winning way."
But it is not enough. Readers can never escape the unintentionally awkward premise that Waitzkin has befriended Kasparov mainly to report on him during the match. This makes both author and subject look bad. When Waitzkin isn't trying to

sell himself to Kasparov, he seems

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either ingratiating or pathetically insecure about whether his subject likes him. Kasparov, on the other hand, appears to be promoting himself when he is being friendly to Waitzkin, or seems mean-spirited when he is not.

Most disappointingly, all the forced intimacy fails to take us inside Kasparov's mind. Despite Waitzkin's eloquence in conveying how the chess games were played, he cannot explain precisely why, for example, the players took recesses when they did, or what spe-cifically they and their trainers did to prepare for the next day's com-

Christopher Lehmann-Haupt is on the staff of The New York Times.

son, Joshua, was a chess prodigy Was this a blessing or a curse. reer. The first three have been com-pleted, and van de Wetering said GALERIE MERMOZ Waitzkin was thrilled to identify with Joshua, particularly when the that work had begun on the re-maining volumes. "My dream is that at the end of the fifth volume boy was winning tournaments. But might Joshna become anoth-6, rue Jean Mermoz - 75008 PARIS Tel.: (1) 42 25 84 80 - Fax: (1) 40 75 03 90 er Bobby Fischer, who, as the author eventually learned, was then **PRE-COLOMBIAN ART** living in various rooming houses in

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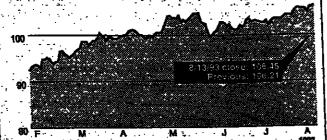
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THE TRIB INDEX:106.46 🕮

International Herald Tribune World Stock Index C, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlanda, New Zaaland, Norway, Singapore, Spain, Sweden and Suitzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

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ECONOMIC SCENE

Some Say Clinton's Budget Squeezes the Debt Enough

New York Times Service

TEW YORK —The Democrats bit the deficit bullet, but ce? Not by Ross Perot's did they bite off a big enough piece? Not by Ross Perot's reckoning, or, for that matter, by Bill Clinton's. Their assumption, widely shared across the political spectrum, is that the only acceptable deficit is no deficit at all, or at least none

when the economy is running at capacity.

And last week's budget accord still projects a deficit equal to 3 percent of national income in 1998 — about where it was before the bipartisan budget summit con-

ference in 1990. But to many economists, the Can a deficit of any long-term goal of a zero deficit at full employment is, at best, a crude rule of thumb. If the ob-

size be embraced as ject is to buttress a Japanesestyle level of national savings, a zero deficit alone is insufficient.

On the other hand, if the goal is simply to sustain the government's capacity to pay its bills, research by William Buiter of Yale University suggests that a balanced budget is not necessary.

In light of the political cost of further deficit reduction, "sustainability is a badget capacity that resuld soon come into warms.

'sustainable'?

ability is a budget concept that could soon come into vogue.

When a company's debts increase, Wall Street doesn't assume the when a company's debts mirrease, wan buter doesn't assume the borrower is doing something wrong. Indeed, the fact that the company has access to cash suggests it is doing something right. What counts is the credibility of the company's promise to repay. And that, in turn, depends on its future revenues and costs.

Likewise, when a government adds to it debts, the lenders' big

mestion is whether they will be canglet in a giant Ponzi scheme — a came in which this year's creditors can get their money only if the government can borrow the interest next year. The U.S. government can never truly become insolvent, because there is no limit to the number of dollars the Federal Reserve can

there is no limit to the number of dollars the Federal Reserve can create just by tapping a few keys on a computer console.

There is a practical limit, though, to the amount of federal indebtedness that could be managed without simply printing monindebtedness that could be managed without simply printing monindebtedness that thereby expropriating some of the lenders' assets by inflating away their purchasing power.

And as with a corporation, Mr. Buiter argues, that rate turns on the expected growth of revenue, expenditure and debt service.

What economists call the government's "primary budget surplus" — the surplus of revenues over current expenditures — must plus" — the surplus of revenues over current expenditures — must paus — me surprus or revenues over current expenditures — must grow rapidly enough to keep pace with mounting interest payments. And lo and behold, reasonable guesses about future interest rates

See DEFICIT, Page 12

Market Mayhem in Seoul Kim's Ban on Anonymity Slams Stocks

Compiled by Our Staff From Dispatches

SEOUL - A financial panic engulfed Seoul on Friday as investors tried to bail out of the stock market after President Kim Young Sam launched a series of anti-corruption measures that, paradoxically, are expected to improve the economy.

Mr. Kim's main tactic was to outlaw anonymous financial transactions. His intent was to flush out money used for kickbacks and bribes, but the immediate effect was a stampede away from the securities market, which is expected to suffer as participants in the country's vast underground economy scramble to move their funds elsewhere.

The Korea Composite Stock Price Index fell 32.37 points, to 693.57, a record slide. Dealers said the decline would have been worse except that all

issues hit their daily permissible lows.

Volume was light, about 1.3 million shares, because there were few buyers for the approximately 80 million shares on offer. "It was a Black Friday, which incidentally fell on the 13th," said Kim Jong Dae, general manager at Tong Yang Securities Co. "The panicky selling

could last several more days."

Dealers said investors rushed to sell shares listed under false names to avoid paying higher taxes under the new measure.

Meanwhile, the Ministry of Construction said that for at least the next three months, almost all real estate deals would have to receive government approval. This is to deter money under alias accounts from flowing into real estate.

Investors sought the safety of gold and the dollar.

Gold jewelry gamed about 6 percent in price. "The price of gold on the shelves went up to 43,000-44,000 won per don today from 41,000 won yesterday," one there exists a said. A don is 2.76 grams, meaning the shop owner said. A don is 3.76 grams, meaning the retail price of gold in Seoul was about 3408 an ounce, compared with a \$371 quote at midday on

the Commodity Exchange in New York.

Black-market money changers reported an unprecedented call for dollars. "Demand doubled today but there were no sellers," said one dealer in Seoul's Southgate Market.

Until Friday, any South Korean could walk into a bank or brokerage house and open an account in any name. It was virtually impossible for the government to trace ill-gotten gains.

The president had frequently said he planned to outlaw false-name transactions since taking power

in February as part of his campaign against corruption. The financial markets, however, had banked on Mr. Kim's delaying the measure until the sluggish economy recovered and had not fore-seen such action until the middle of next year.

Analysts said a positive effect of the measure was that it would provide better market access and a more favorable environment for foreign investors, thus drawing more funds into the market. But bankers and stock brokers said they feared

the already bearish stock market would suffer a blow in the short term as many wealthy people are reluctant to disclose the sources of their funds. Mr. Kim, however, speaking on television.

Thursday night; said, "Let me assure those of you who live sincere and honest lives that this system. will do you no harm whatsoever."

Banks and financial institutions were shut on



Friday morning as staff learned how to verify identities. The stock exchange also was closed in the morning. Financial institutions were ordered to remain open until 8 P.M.

Institutions that permit an account holder to make withdrawals without providing identification face a fine of up to 500 million won (\$617,894). Up to 60 percent of funds held in bank and

securities house accounts by those who do not identify themselves within two months can be confiscated. A 96.75 percent tax will be levied on any interest or dividends that accrue. Those who withdraw large sums or remit more than \$3,000 overseas will be reported to tax authorities.

The government took some steps to cushion the

effect of its move on the stock market. It required institutional investors to report their positions every two hours, brokers said, and offered loans on favorable terms to institutions whose buying out-stripped selling. Additionally, the Finance Minis-try said it would loosen its monetary policy.

But many brokers said they expected the market

would fall for another week. Investors' main concern was the uncertain future of the Korean economy, said Kim Dong Ik, an analyst with Daishin Securities Co. Also, he added, funds kept under false names must be withdrawn from financial institutions, exacerbating already tight liquidity.

"Although investors know about the long-term advantages of the real-name system, they are panicking at the moment about a serious cash crunch. he said. As a result of the new system, South Korea's huge underground money market will be eliminated, seriously hurting small companies that depend on it, he said.

The Bank of Korea committed \$400 million in emergency funds to help relieve financial troubles of small and medium-sized companies.

or small and mertium-sized companies.

Among leading Seoul stock issues, Samsung Electronics Co. plunged 1,300 won to 37,300 and Hyundai Motor Co. 1,000 won to 25,300. Daewoo Securities Co. fell 1,000 won to 20,700 won.

Two companies managed advances, won in from than 900 traded. Century Co., a film distributor, was up 1,000 won to 22,000 and Shin Young Inc., a women's underwear maker, was up 2,500 to 73,000. (Reuters, AFP, NYT, AP, Bloomberg)

French Franc Hits a Low As Dealers Choose Marks

Balladur Warns Of Slow Rate Cuts

Compiled by Our Staff From Dispatche PARIS - The French franc slumped against the Deutsche mark Friday to its lowest level in Europe's latest currency crisis after Prime Minister Edouard Balladur pledged to stick to conservative monetary policy despite recession.

poncy despite recession.

Dealers said they preferred to hold marks over the three-day weekend in France, given the volatility of the market. Monday is a holiday for banks and mar-

Europe's benchmark currency, the mark, was valued at 3.5360 francs at the Bank of France's closing quote, much stronger than 3.5091 francs Thursday. but weaker than an early Friday high of 3.5370 francs. The franc's value against the mark was the lowest since European Community finance ministers and

central bankers almost two weeks ago widened the range in which most currencies in the EC's exchangerate mechanism can move against one another. Under the old regime of exchange rates, the mark was not allowed to rise above 3.4305 francs. At its former peak this month, 1 DM bought 3.5307 francs.

Mr. Balladur's remarks, made on French television interest rates would continue at a snail's pace.

Mr. Balladur called the market's speculative attacks

world's financial and monetary system "to protect the en far less than the pound did, has said it will only out prosperity of countries from these speculative rates little by little.

Issing, that reduced expectations of an easing of German interest rates in the near term.

In an interview with the Frankfurt-based Borsen

Zeitung, Mr. Issing said the 60 billion DM (\$34.92 In Frankfurt, the DAX index of 30 active shares cies in the exchange-rate mechanism in the weeks l.906.58. (Bloomberg, AFX, Reuters, Knight-Ridder) leading up to the widening of the ERM fluctuation ranges on Aug. 2 would add to Germany's troublesome money supply.

Meanwhile, the Danish krone was again taking the brunt of tensions within Europe's currency system Friday as central bankers in Copenhagen sought to keep a tight grip on short-term interest rates.

The krone slumped against the mark on Mr. Issing's comments. The currency was was trading at 4.1409 to the mark in late European trading, weaker than 4.1112 to the mark late Thursday and 3.9821 a week ago.

But some Danish export companies that had rushed

to buy marks early this month were slowly buying the krone again at its lower levels, traders said, which may help to stabilize the Danish currency.

Denmark's national bank governor. Enk Hoffmeyer, ruled out an early cut in short-term interest rates. In a statement issued by the central bank. Mr. Hoffmeyer said recent currency tensions had caused uncertainty that meant the krone's exchange rate would fluctuate "considerably more" than it had been doing, and the krone would be weaker for a short time. (AP, Reuters, Knight-Ridder, Bloomberg, AFX) Source: Bloombe

Government Stance Depresses Bourse

Compiled by Our Staff From Dispatches

PARIS - With France apparently committed to defending the franc by keeping its interest rates relatively high, investors decided prices on the Paris Bourse were too high, and the market slipped away

from its recent peak.

Elsewhere in Europe, prices rose in Frankfurt and London. The European component of the International Herald Tribune World Stock Index finished 0.09 percent down, at 99.98.

European stock markets have been strong following the collapse of the exchange-rate mechanism of the the contapse of the exchange-rate mechanism of the European Monetary System, with investors betting that many central banks would rapidly institute sizable interest-rate reductions once freed of the need to keep their currencies tightly bound to the Deutsche mark.

Late Thursday, however, Prime Minister Edouard Balladur made a speech in which he failed to set out a timetable for interest-rate cuts, and this depressed the Paris market. The CAC-40 index of blue-chip French stocks fell 13.87 points, to 2,148.00.

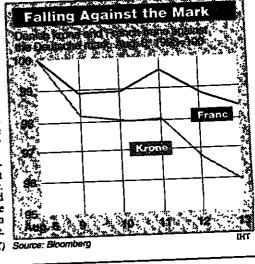
"People are disappointed by Balladur's stance on the franc," said a trader at NatWest-Sellier. "His wish Thursday night, indicated that the process of reducing to maintain a strong franc goes against the needs of

Mr. Balladur called the market's speculative attacks on the franc in anticipation of its decline in value "excesses of freedom." He called for reform of the economy.

When Britain pulled out of the European Community's currency grid last September, interest rates were immediately slashed. France, whose currency has fall-

London stocks rose, with the Financial Times-Stock The mark's strength Friday followed comments Exchange 100-share index rising 1.0, to a record 3.010.1. from the chief economist of the Bundesbank. Otmar Much of the modest rise was attributed to good news in Issing, that reduced expectations of an easing of Gerthalman and the British bond market, after the Bank of England said it would not auction gilts in August, easing supply fears and thus long-term interest rates.

billion) spent by the Bundesbank to support curren-



European Firms Fear Tax Impact of Latest U.S. Proposals - AFP-Extel News growth in the U.S. budget deficit by \$496 billion over WASHINGTON — Mercedes-Benz AG and live years, abolished luxury taxes on jewelry, furs, inversion to Moreover Works AG are expected by one. In the U.S. budget deficit by \$496 billion over all Automobile Dealers Association. Paul Donnellan, director of the American Internation the retained car tax and could suffer a drop of 10 to 15 percent in U.S. unit sales.

Bayerische Motoren Werke AG are expected by analysts to be hardest hit by the retention of a hourry-car tax in the U.S. budget package signed into law this week by President Bill Clinton.

Some European companies also fear another tax provision contained in the budget package which prevents U.S. subsidiaries of foreign companies from deducting certain interest payments. Under the new law, they cannot deduct interest payments made to a parent on debt owed to an unrelated party but guaranteed by the parent. Previously, they were only prevented from deducting interest paid directly to the parent.

Britain's Grand Metropolitan PLC and Sweden's Plectrolux AB said the shift might restrict their expan-

sion plans in the United States.

The budget package, which is aimed at cutting

introduced two years earlier.

The 10 percent tax is applicable if the purchase price of the car exceeds \$32,000. This level, which is an increase from the previous threshold of \$30,000, will be adjusted for inflation, according to the legislation. The budget package also includes a tax of 4.3 cents a callon on gasoline and other transportation fuels. The auto luxury tax brought in \$305 million in 1992

substantial lobbying campaign by local dealers in the taxes aimed at large and expensive cars, even imported cars for a higher tax on premium fuels as an though their carmakers account for only 3 to 4 percent The tax is "clearly another form of protectionism

An S.G. Warburg analyst in Frankfurt said that foreign carmakers would "certainly feel the pinch" of

of North America Inc., said the company had yet to forecast the effects of the revised tax, but added, "there is no question the luxury tax has impacted our sales." The tax is ill-conceived, unfair and discriminatory," Ms. Boland said. "Our dealers tell us that they

have lost a significant amount of business." A GATT panel is already investigating whether U.S. taxes such as the luxury tax are unfair trade barriers. European Community officials have said that

and was retained by the administration despite a the Community's member countries pay 80 percent of of the U.S. auto market.

be worst hit, but noted that the new regulations would not hit the market as hard as when the \$30,000 base tax rate was introduced. "The economy was in worse shape then and Japanese carmakers were doing a lot better at that stage," he said.

Although Japanese manufacturers produce many cars under the threshold, Toyota Motor Corp.'s Lexus is one of the models seen as being hard hit by the tax. David Beardsley, a spokesman for the Japan Automobile Manufacturers Association, said the new inflation-adjusted base price was pushed for by the major

See TAXES, Page 13

Cosmo Seeks a Bailout from Daiwa to Cover Massive Losses

TOKYO — Cosmo Securities Co., a Japanese brokerage company, said Friday it had sought assistance from its second-largest shareholder, Daiwa Bank Ltd., to cover previously undisclosed losses of 69.8 billion yen (\$675 million).

Daiwa, which now holds 4.9 percent of Cosmo, is expected to acquire a majority stake after injecting 70 billion to 80 billion yen of new capital in the company, Cosmo officials said.

Japanese banks are usually not allowed to hold more than 5 percent of a stockbrokerage, but the Finance Ministry made an exception in view of the scale of the loss, one of the largest ever suffered by a Japanese broker.

It is regrettable that the incident happened when the stock mar-ket was almost recovering from a series of scandals," Finance Minister Hirohisa Fujii was quoted as saying at a news conference. "We will deal with this case strictly," said Mr. Fujii, confronting his first

Aug. 13

tems in the industry. We also want to order securities firms to strengthen their management."
Cosmo, which announced the loss at a hastily convened news

conference at the Tokyo Stock Exchange after the market had closed. said that Yasuo Bunya, its chairman, had resigned to take responsibility for the losses. The extraordinary loss reflected off-balance-sheet deals involving

so-called "flying" accounts, company officials said. Known as 10bashi in Japanese, the transactions entail switching poorly performing stocks from one client to another

stockbroking scandal since being appointed to the post on Monday.

We have to review existing sys
We have to review existing sys
The securities Co., the most troubled of Japan's Big Four securities firms.

Sohei Hidaka, director general of Securities Co., the most troubled of Japan's Big Four securities firms.

Sohei Hidaka, director general of Securities Co., the most troubled of Japan's Big Four securities firms. slump in the market led to several brokerages suffering heavy losses in the deals. The long-time practice erupted

into a major scandal two years ago. handicapping the stock market and Japanese brokerages by scaring off smaller investors. A Cosmo official, who refused to give his name, said the firm was no longer engaging in the practice. The losses disclosed Friday are

four times larger than the pretax loss announced by Cosmo for the year to March 31. Cosmo's loss is also almost twice that incurred durwhile promising to buy the stocks ing the same period by Yamaichi

section, was quoted as saying that Cosmo did not disclose the loss during an inquiry by the ministry last year. He said that the Securities and Exchange Surveillance Committee, the market watchdog, had also failed to detect the losses. Hirochi Nakano, president of

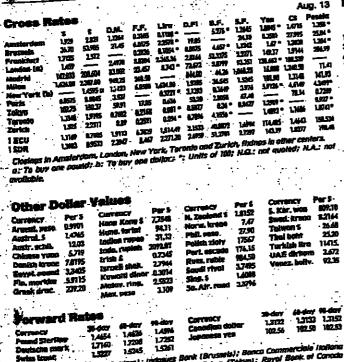
losses because it was trying to "re-vitalize" its operations. "If we disclosed the amount, it would have shaken the very foundations of the company," he reportedly said. Mr. Nakano said in a published statement that the losses had been

"unavoidable" as a result of the slow recovery in Japanese stock prices since they tumbled in 1990. He said that Cosmo would cooperate with administrative authorities investigating the losses, which he blamed on directors at the company's corporate-business division. Daiwa, one of the smaller of Ja-

pan's major banks, is expected to make Cosmo a subsidiary once it receives the approval of Japan's Cosmo, was quoted as telling reporters that the company hid the Cosmo saw its pretax losses widen from 9.5 billion yen a year earlier to 17.5 billion yen in the year

ended March 30 and had expected to return to the black in the current year with a profit of 2.5 billion yen.

CURRENCY & INTEREST RATES



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Revenue at Euro Disney Down 2.4% for Quarter

PARIS - Euro Disney reported Friday a 2.4 percent revenue decline during the second quarter compared with last year, and also confirmed it had a loss of 500 million francs from April 1 through June 30, a figure that was predicted last month.

Euro Disney runs a year-old resort east of Paris. The company said operating revenue fell to 1.465 billion francs (\$244 million) from 1.501 billion francs.

Revenue was lower even though the park was open fewer days during the same period last year.

"This was strictly a legal filing," said a Euro Disney official

concerning the semiannual legal announcement under French law. The company since last month has undertaken "strategic examination which involves financial restructuring," she said. The company last month blamed the losses on lower-than-expected spending per visitor on food and merchandise as well as lower

occupancy rates at the hotels. The company also noted high interest, lease and depreciation charges from the initial investment. Despite Euro Disney's difficulties. Walt Disney Co. last month reported a 17 percent increase in profit for its third quarter, the company owns 49 percent of Euro Disney.

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Sources: ING Bank (Arasterdam); Indequet Bank (Brussels); Banca Commerciale Holiana Sources: ING Bank (Arasterdam); Indequet Bank (Takyo); Rayal Bank of Conoda Inden); Agence France Presse (Perial; Bank of Takyo); Rayal Bank of Conoda (Toranto); MEF ISDR). Other date from Reuters and AP.

417 2nd Ave. West . Scattle, WA 98119 USA

CPI Boosts Bonds, **But Stocks Stymied**

Compiled by Our Staff From Dispatches NEW YORK — A benign infla-tion environment fueled the bondmarket rally Friday, but stocks failed to reap much benefit as investors were worried about the

After a better-than-expected report on consumer prices, the yield on the new 30-year Treasury bond

N.Y. Stocks

ended at 6.35 percent, up from the average 6.33 it was sold at Thurs-day but well below the 6.44 percent close of the previous beliwether.
On the New York Stock Ex-

change, however, the Dow Jones in-dustrial average rose just 0.56-point, to end at 3.569.65. Advancing issues led decliners by a small margin. The government said the consumer price index climbed a mere 0.1

percent in July — pressured by ris-ing medical costs but little else. Analysts expected a 0.2 percent rise. Ricky Harrington, senior vice president of Interstate-Johnson Lane in Charlotte, North Carolina, said bonds rallied on the "betterthan-expected CPL which helped

the stock marker." The sluggish economy is expected

to keep interest rates low, good news for bonds but a different story for stocks. The implications for equi-ties is a two-edged sword, said Charles Comer, director of research at Credit Lyonnais Research. Slow growth dampens consumer spending and corporate earnings, but it also means the Federal Reserve Board will not have to raise rates to fight inflation, a "plus for getting the economy going." Mr. Comer said.

Telesonos de México was the most-active NYSE issue, up 2 to 52 after the United States, Canada and Mexico resolved NAFTA problems. T2 Medical was active, down 2 to

6%. Its shares also plunged Thurs-day as its chief executive resigned and the company disclosed ac-counting irregularities and errors. The developments cast doubt on prospects for a proposed manage-ment-led buyout of the operator of infusion-therapy centers. General Motors slid 11/4 to 46 af-

ter it announced relatively weak car sales for early August. GM's domes-tic car sales rose only 1.2 percent year-over-year in the 8 selling days. Domestic light-truck sales, which fell 6.2 percent, particularly annoyed investors, traders said. (UPI, Bloomberg, Knight-Ridder)

POLICY: U.S. Letting Yen Climb

Continued from Page 1 intellectual godfather of driving up the yen to cut the Japanese trade surplus, William Cline said there was "little doubt that the administration is pleased by the strength-ening of the yen, although at some

Foreign Exchange point it might get nervous because too strong a yen could push the Japanese economy into recession.

That point obviously has not been reached, because no help was either sought by the Japanese or given by the Federal Reserve or other central banks when the Bank of Japan intervened Friday to break the yen's rise. To do so, said Mr. Cline, the

Group of Seven would have to join hands to declare a ceiling or at least a range, and "one problem with that is that currencies are like tennis balls — when they bounce back, it is usually higher than you want." Which also raises the question of why the yen did not falter recently. as most currencies do during the

period of uncertainty in a change of government.
"With all the Liberal Democratic ministers, we're not sure it's a new government or just the old government in new clothing," replied Richard Benzie, currency economist at UBS Secrities in London.
"When everyone pressed the old
government to do something, suddealy it wasn't there any more, so
maybe it's not such a good thing to

Now that Japanese business has learned to live with a strong yen, there is little short-term advantage to a weak one for Japanese indus-tries that live by processing imported raw materials into finished

goods, especially when those raw materials are priced in dollars. Carl Weinberg of High Frequency Economics calculates that since the Plaza Accord of 1985 put Japan on the path of strengthening its currency, the price of a barrel of oil has declined from about \$20 to \$17, but from 5.120 to 1,734 in yen, and the same startling arithmetic applies to iron ore, coal and much

"This is primarily a yen and not a dollar issue," Mr. Weinberg said. This also happens to be the basic view of the Clinton administration because the United States is likely to obtain more quick improvement in its trade accounts by cutting its budget deficit than by fiddling further with the yen.

■ Dollar Slumps in N.Y. The dollar was lower against both the Deutsche mark and the yen in New York trading Friday, Knight-Ridder reported.

The U.S. currency finished at 101.90 yen, down from the Thursday's 103.00. The dollar also finished at 17122 DM days finat 1.7123 DM, down from

1.7167 on Thursday.

The Federal Reserve Bank of New York again remained conspicuously on the sidelines, as did the Bundesbank.

EUROPEAN FUTURES Dow Jones Averages The Dow Daily closings of the Dow Jones Industrial average Standard & Poor's indexes 1000 LOW C1000 C10 NYSE indexes 3400 - 249.70 + 0.53 - 249.70 + 0.53 - 249.84 - 0.05 - 225.41 + 0.12 - 236.86 + 0.87 NASDAQ Indexes 1993 Est. soles ? est 12,937. NYSE Most Actives **AMEX Stock Index** Dow Jones Bond Averages AMEX Most Actives Market Sales 346 1136 2136 2036 346 5 5 6 734 2546 354 1554 434 434 N.Y.S.E. Odd-Lot Trading NYSE Diary S&P 100 index Options Amex Dlary

London Veils Large Trades

NASDAQ Diary

LONDON - The London Stock Exchange revealed details Friday of new rules that will slow the flow of information to investors about large trades of British equities. The rules will mean that such trades will be reported as much as five days after they are executed, compared with 90

The exchange, which said the rules were likely to be in force by next

Market makers who trade between themselves and companies that are involved in bids are not required to make disclosures under the new rules.

GERMAN GOVERNMENT BUND (LIFFE)
DM 259,000 - Phs of 100 pcf
inp 97.53 97.51 + 0.95
NC 97.54 97.57 97.51 + 0.25
Est. volume: 56.827, Open Interest: 201.199.

Industrials

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Stock Indexes

Spot Commodities

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Consumer Prices Rose 0.1% in July

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WASHINGTON (AP) - Inflation remained under control in July, with consumer prices rising just 0.1 percent, the government said Friday.

Declines in most vegetables, meat, gasoline, fuel oil and tobacco helped offset large increases in airline tickets, used cars, lettuce and fresh fruit.

The seasonally adjusted gain in the Labor Department's Consumer Price Index followed no change in prices in June and an increase of 0.1 percent in May, offering more confirmation to economists that price increases earlier this year did not signal an acceleration in inflation.

in a separate report, the Commerce Department said businesses ncreased their inventories in June by a modest 0.2 percent, the same as in May and a sign that they have a cautious outlook for future sales.

Veterans Department Bars Baxter

WASHINGTON (Combined Dispatches) — The Department of Veterans Affairs said Friday it had banned Baxter International Inc. and its units from competing for federal contracts for one year.

The department said an investigation that began in 1990 had found that Baxter, the world's largest maker of health-care products, had tricked veterans' hospitals and the military into buying extra medical supplies. Marie Conway, an analyst with NatWest Securities Corp. in New York, said government contracts generate \$130 million of annual sales for Baxter. The department also banned Baxter's two top executives and a former executive from government bidding, partly because of Baxter's felony executive from government bidding, parily because of Baxter's felony conviction this year for cooperating with the Arab boycott of Israel.

Fieldcrest Cannon Bid for Amoskeag

NEW YORK (Combined Dispatches) — Fieldcrest Cannon Inc., the United States' largest manufacturer of towels, agreed Friday to make a tender offer of \$40 for each of Amoskeag Co.'s 3,441,000 common shares, the companies said. That would value the bid at almost \$138 million. Amoskeag holds 30 percent of Fieldcrest's common and has 81 percent

of the company's voting power.

of the company's voting power.

Fieldcrest and Amoskeag said Fieldcrest's offer would start within five
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Borland Will Appeal Lotus Ruling

SCOTTS VALLEY, California (Bloomberg) — Borland International
Inc. said Friday it would appeal a ruling by a federal district court in
Boston that a device made by Borland infringed a copyright held by

Lotus Development Corp.

Steven Grady, a Boriand spokesman, said the company would appeal the decision, disclosed Thursday, before a trial to set damages.

Mr. Grady said the decision, if allowed to stand, could have a "major Mr. Grady said the decision, if allowed to stand, could have a "major Mr. Grady said the decision, if allowed to stand, could have a "major major which are increasingly and account industries which are increasingly impact" on the computer and software industries, which are increasingly moving to open systems. "This judge has said building compatible systems is illegal," he said.

Smith Barney Ends Lehman Pact

NEW YORK (Bloomberg) — Smith Barney Shearson Inc. ended an arrangement that had provided it with stocks underwritten by Lehmsm Brothers Inc. as well as the firm's research. Lehman agreed to provide stocks and research for as long as two years

when its parent, American Express Co., agreed in March to sell its Shearson brokerage and asset-management operations to Primerica Corp., which owns Smith Barney.

Brokers said the decision to end the arrangement early was an attempt

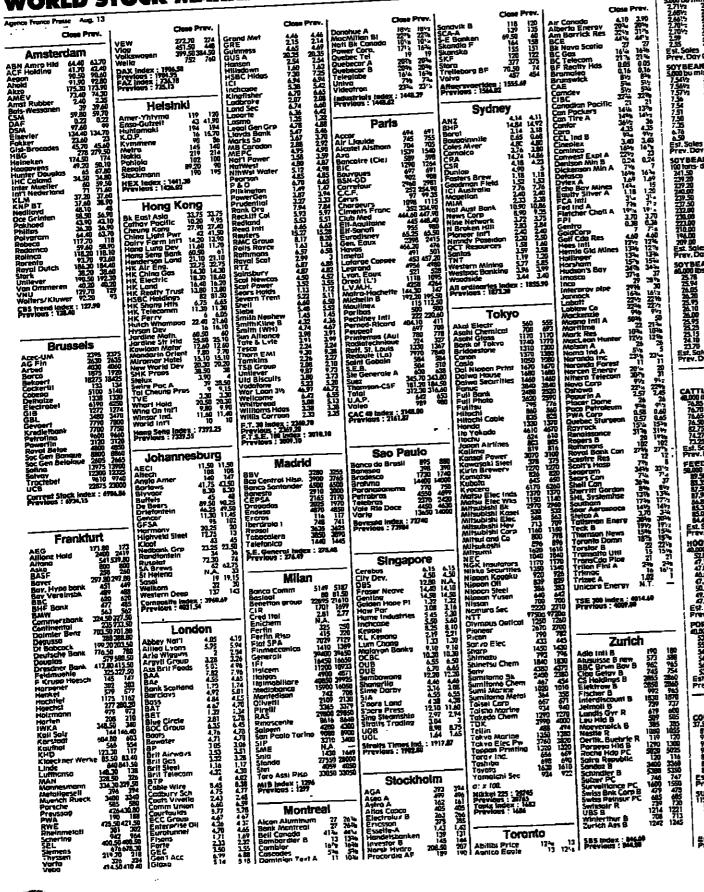
by the firm to establish itself as separate from Lehman

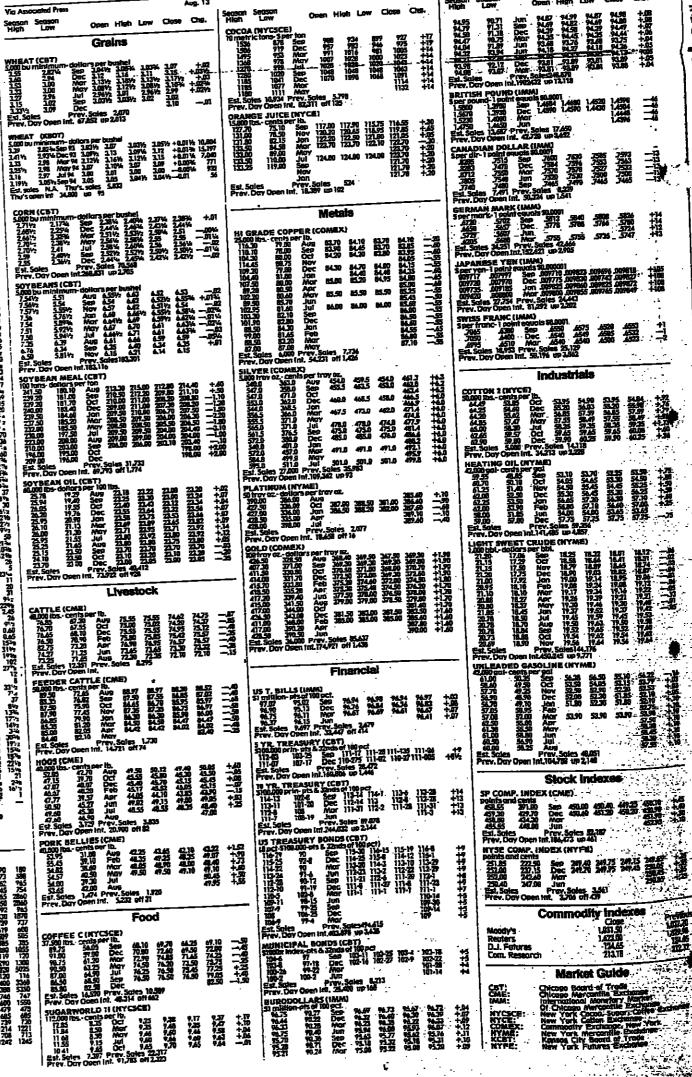
For the Record

Tele-Communications line had second-quarter net income of \$31 million, or 7 cents a share. A year earlier, it earned 59 million, or 1 cent a share, on continuing operations.

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WORLD STOCK MARKETS





PTRY. DAY Goed Int., 22-AM BURGDOLLARS (IMM) 30 million-oft of 100 pct. 10-15 10.77 Sep. 10

9.17 9.25 9.44 9.40 9.45 9.37 1.47 1.43 1.43 1.44

7.45 7.45 7.45 7.45 7.45

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حكذا من الأصل

Rebound Of 30% for **Ferruzzi**

AFP Extel News

Replan

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MILAN — Fernizzi Finanziaria SpA shares recovered some of their lost ground Friday, closing 30 per-cent higher at 325 line (20 cents), on speculative buying that some anahysts likened to casino gambling

"How is it possible that a share in a company with almost zero capital, a mountain of debts and all manner of managerial improprieties to its name" could be worth nearly 330 lire? one analyst asked... "Only a madman could buy at these prices. It's like gambling

money at the casino." roney at the casino."

Ferruzzi's shares were suspended for two days this week pending an announcement of a huge capital write-down and far larger losses than originally reported. When trading resumed Thursday, the shares initially fell by about 75 percent, to 101.1 lire, before climbing back to 250 line

Small banks and financial institutions were doing most of the buy-ing Friday, dealers said, adding that there may have been an effort by Ferruzzi's large creditor banks to restore faith in the group's re-

structuring plan.
This week, Ferruzzi wrote down its capital to 205 billion lire from 1.37 trillion line, cutting the nominal value of its shares to 5 line from

At the same time, an independent audit caused an increase in Ferruzzi's reported losses for the first five months of the year, to 1.165 triffion fire from 491.5 billion. lire, and the cutting of 243 billion lire of sales that had been incorrectly claimed by its main industrial

greater control of international currency flows.

Many observers promptly read that as the

lannehing of a trial balloon for the reimposition

of capital controls. Indeed, so worried was the

Federation of German Banks that on Friday it

felt moved to deflate that balloon, issuing a

statement saying that the recent currency crisis

in the free movement of capital."

economist at Chibank in London.

cannot be used as a justification to intervene

Economists across Europe reacted harshly to

the idea, likening it to treating a symptom at the expense of the patient's long-term health. In the near term though, many conceded that controls might just work.

If the idea is to throw sand in the machine of

carrency speculation it might well have that effect," conceded Michael Burke, a currency

American-Midland Link Airlines Plan Code-Sharing in London

The second secon

The Associated Press

LONDON — American Airlines has agreed with British Midland Airways to push more connecting passengers through London onto each other's planes, the airlines said Friday.

The agreement means that flights connecting between American and British Midland will appear as one airline in computerized reservation systems, a procedure known as code-sharing.

The airlines said they would offer code-sharing on American flights to London's Heathrow Airport out of New York, Boston, Chicago, Miami and Los Angeles. British Midland flights involved would be between London and Amsterdam, Glas-

gow, and Brussels. The practice gives the connecting flights of the partners higher priority for booking than would

American and British Midland would stand to pick up passengers that might otherwise have flown British Airways. BA is a rival of American on trans-Atlantic routes and of British Midland on routes between Britain and continental Europe.

American cannot fly passengers into London and then take them to continental Europe because

of restrictions in the commercial-aviation treaty between the United States and Britain.

Several major U.S. airlines - American, United and Delta — have complained that they were put at a competitive disadvantage earlier this year when Washington let British Airways enter into a similar code-sharing arrangement with USAir.

The American Airlines chairman, Robert Crandall, has in the past described code-sharing as a fraud on passengers because it creates the illusion that their trip would be on one airline, but he acknowledged that his airline might have to go along if the industry heads in that direction. Code-sharing has become increasingly common

as struggling arrlines forge different partnerships to expand markets. American's deal with British Midland will reuire approval from aviation regulators in the

United States. British Midland has a code-sharing arrange with United for flights between London Heathrow and Glasgow, Amsterdam, Brussels and Nice, France. This arrangement will continue, British

United declined comment on the plan, which seems likely to cost it some passenger

Elf Revenue Edged Up in First Half

PARIS — Pif Aquitaine, the French national oil company, post-ed revenue of 102.7 billion francs (\$17 billion) in the first half, up 3.85 percent from a year ago, according to a legal notice published Friday.

Sales for Ell's parent company fell in the same period by 4.9 percent, to, 5.28 billion francs.

Separately, the cosmetics concern L'Ortal SA reported first half consolidated sales of 20.89 billion for the parent company totaled from a year ago.

construction materials, announced first-half sales of 14.28 billion

Midland said.

constant exchange rates, were down 4 percent in the first half Bon Marché, the department tore chain, posted an 8.7 percent

Bonygues SA, the construction company, posted first-half consoli-dated sales of 28.4 billion francs,

Christian Dior SA, the fashion house, rolled up first-half sales of 10.40 billion francs, up 3.9 percent

Unilever Manages A 7% Profit Gain In Tough Quarter

LONDON - Unilever Group, the British-Dutch consumer-producis conglomerate, reported Friday a rise in second-quarter pretax profit of 7 percent and predicted little change in trading conditions

for the rest of the year. The company, which produces a galaxy of brand names such as Lover detergents and Elizabeth Arden cosmetics, said pretax profit rose to £564 million (\$830.3 million) from £526 million, with sales up 6 percent to £6.66 billion.

Analysis were encouraged by the results, which showed that the company was resilient in difficult conditions and was reaping the benefits of cost cutting.

The Unilever chairman, Michael Perry, said that despite difficult trading conditions, the group increased both its sales and operating profit by 6 percent for the half year, while overall profit margins were maintained at 8.1 percent.

The results for the first six months of the year illustrate the resilience of our brands in those markets affected by recession and their role as vehicles for growth elsewhere," Mr. Perry added.

He said the strong performance of Unilever's businesses in growing economies, in particular South America and Southeast Asia, was becoming of increasing importance. European activities, which produce more than half the profit, saw operating profits marginally lower, but market shares were held. In Germany and Italy, results

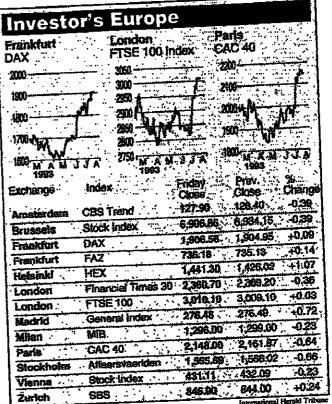
improved, while Britain was under pressure from competition in the tea market. In North America the results were affected by intense competitive activity, especially in pasta sauces and fabric detergents.

A Smith New Court analyst, Tim Potter, said results were reassuring and showed resilience in difficult trading conditions in mature mar-kets. They are getting more efficient every time they report results," he said. However, he said he remains bearish on the stock price, believing that it peaked last year in recognition of Unilever's resilience to a global downturn.

A Daiwa analyst, Bridget Gander, said Unilever was in the process of introducing a new range of concentrated liquid detergents in the United States. "They were quite positive about the new product range, which they say will be priced on a par with Procter & Gamble, she said. This apparent change from its previous policy of selling at a discount to P & G amounts to an effective price rise, although much of the benefits will be spent on strong marketing for the new products, she said.

Ms. Gander said overall, the sales growth was particularly strong. Of the 6 percent sales increase, 2.5 percent was price and the rest was underlying volume growth and acquisitions. She said high-margin prestige products, such as Calvin Klein perfume, had seen very strong growth in the United States.

(Reuters, Bloomberg, AFX)



Very briefly:

 Virgin Megastore of Britain was ordered by a French court to pay two trade unions a reduced civil penalty of 200,000 francs (\$33,200) for ignoring a French ban on Sunday trading.

Greece's parliament passed a bill clearing the way for the partial privatization of the Greek Telecommunications Organization.

• France's industrial production fell 1.9 percent in the first quarter of 1993 from the previous quarter, when it had suffered a 2.7 percent drop. Corporación Banesto, the holding company of Banesto SA, said it would sell a 35 percent stake in the steelmaker Acerinox SA in September. • Lufthansa said it had sold a 12.22 percent stake in Penta Hotels to Ramada International Hotels, which already owns 49 percent of Penta. • Germany's steelmakers suffered a drop of 4.7 percent in new orders in the second quarter of 1993, the country's steel association said.

Bloomberg, Reuters, Knight-Ridder, AFX

francs, up 7 percent from last year. 372.4 million francs, off 1.2 percent from a year ago. Lafarge-Coppee SA, a maker of

francs, down 5.17 percent from a year ago. The company said that sales, if calculated on the basis of

rise in sales in the first half, to 11.85 billion francs. Sales in the first half

Governments could not stop speculation by

imposing controls on capital flows, thus deny-

ing speculators free access to their contenties in

their home markets. But by forcing speculators

to buy their currencies in offshore markets, countries could effectively quash most bets by

This presents a philosophical problem for

advocates of European unity such as France.

Such restrictions on the free flow of funds

across borders would fly in the face of the

principles of the single market and the Maas-

tricht treaty on economic and monetary union

"It goes against the whole idea of Maastricht

by doing a complete U-turn and trying to

control everything again," said a French banker

making them prohibitively expensive.

for the European Community.

who requested anonymity.

down 5.4 percent from a year ago, while the chemicals company Rhône-Poulenc SA had sales of 40.03 billion francs, off 6 percent.

Many economists contend controls on the

equated capital controls with denying the free

Facing likely opposition from such tradition-

ally fierce defenders of free markets as Britain

and Germany, Paris has an uphill political

struggle in any attempt to set capital controls. In that light a French banker lists his govern-

ment's only real option as, "grin and bear it."

In fact, most experts feel France has little

choice now but to swallow its pride and risk a

further slide in the franc by cutting interest rates. "France must choose between employ-ment and prestige," concludes Mr. Friedrich.

convertibility of European currencies.

MONEY: Foreign-Exchange Speculators Laugh All the Way to the Bank NAFTA: Agreements on Labor and Environment Unblock Broad Pact their billing, they may be enough to revive the As spring turned to summer last year and the

were aimed at stemming job flight to Mexico, free movement of capital, no matter how laudable the intentions behind them, would damage where labor is cheaper, and preventing further industrial pollution, especially along the Mexi-European growth prospects. Klaus Friedrich, chief economist of Dresdner Bank in Frankfurt,

The hostility of Mr. Gephardt, who ran for co-U.S. border.] president in 1988 on a platform calling for more confrontational trade policies, makes the administration's uphill struggle for congressional approval even more difficult, said Representative Robert T. Matsui, Democrat of California. Members of Congress have long predicted

that the administration will face a tougher fight in the House than the Senate. This prediction seemed to be borne out Friday when Senator Max Baucus, the powerful Montana Democrat who heads the Environ-ment Committee and has wavered on the pact, said that "if these side agreements live up to

Some of the Democratic Party's most loyal constituencies, including labor unions and some environmental and consumer groups, contend that congressional approval would result in the loss of hundreds of thousands of American jobs to low-wage, heavily polluting factories in Mexico.

The Clinton administration contends that the agreement would create jobs and clean up the environment by encouraging exports to Mexico, which has steep tariffs on American

To the dismay of supporters, the White House has given only tepid support to the

igreement this summer Mr. Clinton strongly backed the free-trade pact at the start of his candidacy two years ago.

outcome of the general election seemed to hinge on Rust Belt states where the pact is unpopular, he muted his enthusiasm.

Accused by President George Bush of walfling, and faced with a campaign staff as deeply split on the issue as the party he leads, Mr. Clinton finally declared a month before the election that he would only push the agreement through Congress if three side agreements

could be negotiated. ■ Salinas Wage Pledge

Mr. Clinton, speaking in Oakland, California, said President Carlos Salinas de Gortari had personally pledged to make minimum wage standards part of the free-trade agreement, Reuters reported.

Mr. Clinton said the pledge resulted in the overnight breakthrough on side accords.

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Via The Associated Press

(Continued)

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DEFICIT: Does Clinton's Plan Give the U.S. a 'Sustainable' Budget Gap?

Continued from Page 9

and revenue growth imply that the five-year budget just passed by Congress will generate a deficit that is very close to sustainable. In 1998, Mr. Buiter estimates, interest obligations on the debt will exceed the primary budget surplus by about \$40 billion — a mere 0.5

percent of national output. ercent of national output.

There are catches. For one thing, \$40 billion is nothing to sneeze at in the penurious new world of federal budget-making. For another, it would be more accurate to say "\$40 billion and still counting.

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The deeper conundrum, though, is how to

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ing standards.

Thus, in a world in which foreigners are apparently willing to lend virtually unlimited quantities to the U.S. Treasury as long as they are confident that the dollar will retain its purchasing power, sustainability is what

But Benjamin Friedman, another Harvard

Aug. 13, 1993

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interpret sustainability. To Richard Cooper of Harvard University, it does not matter how the debt is financed, as long as the borrowing does not crowd out resources available for the productivity-enhancing investment that raises living standards.

Barry Bosworth, an economist at the Brookings Institution, goes a step further. "Saving is all that counts" in determining future living standards, he says. While the high rates of domestic investment permitted by world capi-tal markets are certainly desirable, it is the providers of the savings who will end up with the gravy

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China Talks Seek New Bank Rules

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HONG KONG - Chinese leaders including Vice Premier Zhu Rongji are huddled at a resort near Beijing working out major changes to the banking system, a pro-China newspaper here said Friday.

. The Hong Kong Commercial Daily quoted an unidentified source as saying the changes would ssion for the People's Bank of China to issue currency and regulate the money supply to stabilize prices.

Mr. Zhu, who also heads the central bank, and other mnamed senior leaders are in Beidsibe. a resort about 300 kilometers east of Beijing, completing the package of measures, the newspaper said

The newspaper said specialist banks would also be given greater freedom to fix interest rates based on a rate set by the central bank. China's banking system is crippled by a lack of freedom that turns the banks into cash sources for the government, rather than economic regulators. Bank policy, including interest rates and credit levels, is set

by China's cabinet. w Swap Markets Criticized In a rare display of dissent over China's heavy-handed efforts to cool the economy, Reuters reported, a Shanghai newspaper has carned a strident attack on the city's

currency-swap market.
-The Shanghai Xinwen Bao on Thursday published a front-page article by one of its readers complaining that the market, the largest of its kind, was hiding information.

The reader, using the pen name Qing Ping, gave vent to widespread frustration among local businessmen about restrictive practices adopted by the market that are designed to curb buying enthusiasm for dollars and prop up the value of

Li Ka-shing Takes a Profit Tycoon Cashes In Stake in News Corp.

profit and go."
News Corp. announced on

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STAR-TV.

Mark Hodge, analyst

at G.K. Goh Securities

July 26 that it had paid Hutchi-son \$525 million for the stake in

Hutch Vision, the parent of

The purchase price was paid

half in cash and half in shares,

which until Friday placed Mr. Li

SYDNEY — Li Ka-shing, Hong Kong's wealthiest man, has hoosted his fortune by a further \$25.9 million after selling News Corp. shares received as partial payment from Rupert Murdoch, chairman of News Corp., for a stake in Asia's larg-

News Corp. said Friday that Mr. Li had sold 6.27 million American depositary receipts in News Corp. just three weeks af-ter Mr. Murdoch bought a holding of 63.6 percent in STAR-TV. News of the transaction helped to make Hutchison Whampos Ltd. Mr. Li's proper-ty and telecommunications concern, the best-performing stock in Hong Kong's Hang Seng in-dex of blue chips on Friday. The shares rose 3.7 percent to 22.40 Hong Kong dollars (\$2.88).

News Corp. said that Hutchison and other companies con-trolled by the Mr. Li's family had sold the American depositary receipts of News Corp. to a range

among News Corp's top 20 of U.S. institutions through shareholders with about 2.7 per-Goldman Sachs & Co. cent of the company.

"I would imagine it was al-ways his intention to sell the A spokesman for Hutchison in News Corp. shares at some stage," said Mark Hodge, an analyst at G.K. Goh Securities, Hong Kong described the sale of the shares as "very straightforward." Acquired for \$41.87, the News Corp. depositary receipts were sold for \$46, he said. and with the share price rising around 10 percent in 10 days he obviously decided to take the

Mr. Li, whose fortune is estimated at \$6 billion, has retained a 36.4 percent stake in STAR-TV, which has an estimated 45 million viewers in 38 countries across Asia.

Mr. Murdoch's move on STAR-TV followed his withdrawal from a plan to buy 22 percent of a rival Hong Kong company. Television Broadcasts Ltd., because of regulatory obstacles.

News Corp. will fund the cash payment to Hutchison Whampoa through a convertible preference share issue. On the Australian stock mar-

ket, News Corp. shares closed 15 cents down Friday at 8.90 Australian dollars (\$6). (AFP, Bloomberg)

Japan Economy Not at Bottom, Says Minister

Compiled by Our Staff From Disputches TOKYO - Finance Minister Hirohisa Fujii said Friday, without elaboration, that Japan's economy had not yet hit bottom.

Mr. Fujii reported that several cabinet ministers including himself, Deputy Prime Minister Tsutomo Hata and Hiroshi Kumagai, the minister of international trade and industry, would meet later this month to map out a strategy to spur the economy.

It could take time for the eightparty coalition government of Prime Minister Moribiro Hosokawa to take measures to prop up the economy, analysis said.

Mr. Fujii also said he viewed the soaring yen as serious. His comment came on a day in which it was announced that the appreciation of the yen, an unusually cool summer and protracted economic sluggishness had cast a pall over smaller Japanese companies.

The number of Japanese businesses that went into bankruptcy declined in July, but analysts said the respite was only temporary.

"The economy remains sluggish and business earnings have not shown any signs that they have hit bottom, said Shigeru Ogata, an analyst at Tokyo Commerce & Industry Research Co., which specializes in credit ratings.

In July, there were 1,167 cases of bankruptcy with debts of more than \$100,000. The number was down 1.3 percent from June and 1.4 percent from a year earlier. Bankruptcies caused by the economic slowdown accounted for 57.2 percent of all cases in July, surpassing 50 percent for 16 months.

In June, the Economic Planning Agency had predicted that the worst of the recession was over although the economy had not yet embarked on full recovery.

Meanwhile, Japan's Ministry of Finance won approval to restrain growth in government spending in the coming fiscal year. Mr. Ho-sokawa's cabinet backed the ministry's request to hold spending growth starting next April to a 3.8 percent increase.

This will bring to 41.45 trillion yen (\$402 billion) the maximum that government agencies can request in the general accounts, which exclude debt servicing and subsidies to regional governments.

The budget ceiling is usually set by late July, but was delayed this year by the political turmoil that culminated in Japan's first govern-ment in 38 years not led by the Liberal Democratic Party. Government agencies are due to

submi: their budget requests by the end of August, kicking off marathon negotiations among ministries. The hudget will then be up for legislative debate in January. Japan's tight budget, caused by

falling revenues, prompted the Finance Ministry to set a low ceiling on overseas aid for the coming fis-

Military spending growth will be held to a 1.95 percent increase. Actual military spending grew by only 2 percent in the current budget, the smallest increase since the beginning of the 1960s. The Finance Ministry had initially wanted flat growth in defense spending, arguing that the yen's recent appreciation would help Japan save dollar-

(Reuters, Bloomberg)



Very briefly:

 China and South Korea agreed in principle to launch their first jointventure satellite. Details are under discussion, but China seeks South Korea's semiconductor and electronic-equipment manufacturing skills. and Seoul needs China's satellite-making and launching technology.

• Shinawatra Computer & Communications Co., which will launch Thai land's first communications satellite in December, said it had profit of 356 million baht (\$14.1 million) in the second quarter, up 149 percent from a year earlier.

 Kader Investment, a Hong Kong real-estate company controlled by China is taking control of the construction concern Hoi Sing Holdings in a 174.2 million Hong Kong dollar (\$22.5 million) transaction.

• Vietnam said its exports in the first seven months of the year rose 19.5 percent from a year earlier, to a total of \$1.504 billion.

• The Philippines had a trade deficit of \$2.48 billion in the first five months of this year. Exports rose 12.6 percent to \$4.22 billion, but imports grew 19 percent to \$6.70 billion.

• Kowloon Motor Bus Co., Hong Kong's largest bus company, named John Chan, a former secretary for education and manpower in the colony's government, as its managing director.

AFP. AP. Bloomberg

Optimism Pervades Bombay

BOMBAY -Bombay stock prices hit a five-month high on Friday amid renewed optimism about the Indian economy, with exports rising sharply and favorable weather helping agriculture, brokers said.

"The market is moving up because there are no more political uncertainties, companies are reporting good results, the monsoon is good and inflation is under control," said Brijesh Koshal, vice president of India Securities Ltd.

The Bombay 30-share index hit a five-month high of 2,522.48 on Friday, up 38.68 points for the day.

dence motion on July 28, Mr. Koshal said. "Now the government can focus on speeding up the economic reforms process it initiated two years ago," he added.
While the fiscal year ending in March 1992 showed

growth of just 1.2 percent, the economy picked up to 4.2

percent last year. The Reserve Bank of India predicted a growth rate of around 5 percent for the current year. The central bank said agricultural output would grow 6 percent, almost twice that achieved last year. Agriculture is being aided by good June-September monsoon rains, which determine productivity in the rural sector, where 70 percent of India's 880 million people live.

Inflation has been brought down to less than 6 Doubts about the future have been allayed by Prime percent, from 13.6 percent a year ago, while exports Manister P.V. Narasimha Rao's defeat of a no-configure 27 percent in the first quarter of this fiscal year.

TAXES: Europeans Take Aim at U.S. Budget Law

Continued from Page 9

U.S. carmakers to ensure that most of their models remained under the tax threshold. Some carmakers noted they might benefit from the

new measure because their models were priced just under the taxable level. Elke Martin, a spokesman for Saab Cars USA Inc. said the increase in the threshold was "obviously good

news" for the company. She said that Saab's most popular model had a \$31,700 base price and that buyers could avoid a tax. Robert Austin, director of Communications at Volvo Cars of North America, said only 10 percent of the company's cars sold in America were over the new

\$32,000 threshold. "The impact on Volvo will be minimal," he said. Regarding the expanded limitations on deductions of interest payments, Doug Stanton, the tax director of Grand Metropolitan, said the company had lobbied vigorously against the introduction of the new provi-

1989 with its acquisition of Pillsbury Co. for \$5.8

The measure will retain two features which will enable some companies to offset new tax payments. U.S. subsidiaries whose net interest payments are below 50 percent of adjustable taxable income or whose debt-to-equity ratio is below 1.5 to 1 are

The new provision was proposed by the U.S. Treasury to strengthen measures against "earnings strip-ping," a perceived abuse in which a company pays interest on debt to its parent instead of dividends on earnings, which are taxable under U.S. law.

Among other leading European companies with large interests in the United States, the Swedish consumer-goods company Electrolux AB also said that the new provision could affect expansion plans.

The Federation of Swedish Industries said that it was opposed to both the enhanced and existing provisions under the earnings-stripping rule. "It does not take into consideration the fact that, in the beginning from their parent companies," said Sven Lodin, the federation's deputy director. "It means that the subsidiaries carry a higher tax burden than their Americans

Malayan Banking Boosts Profit, Plans Expansion dia, Vietnam, China, Papua

Compiled by Our Staff From Dispatches KUALA LUMPUR — Malayan Banking Bhd., Malaysia's largest commercial bank, announced Friday a 41 percent rise in pretax profit, to 791.5 million ringgit (\$310 million), for the year ended June 30 and said it was expanding operations in both Asia and Europe.

The group also said it would double its authorized share capital to 2 billion ringgit and award a bonus of one common share for every two existing

Regarding expansion plans. mad Mohamad Don, the bank's managing director, said that there were plans to expand branch operations in Cambo-

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New Guinea and Uzbekistan. Mr. Ahmad said the expansion was in line with the bank's strong financial performance in recent years Total assets increased 17 per-

cent to 54.22 million ringgit. Loans grew only 7 percent to 33.98 million ringgit, while deposits jumped 19 percent to 36.5 million ringgit. "What we have just achieved

is a very tall order which may not be repeated this year," said Mr. Ahmad. "The economy seems to be moving quite nicely and if it keeps up, we can have 15 percent growth in group

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Optimists Should Take An Umbrella

TOCKS hit all-time highs in Britain and France this week, and a three-year high in Germany. Why? Ex-pectations of lower interest rates and an economic revival to go with them. While these things are, of course, possible, adherents to the belief that every silver lining has its dark cloud can't help but feel a bit pessimistic about the sudden outbreak of

What the buyers are banking on is that the new, easy-on-the-wallet exchange rate bands will allow interest rates to be eased across the Continent. This may not happen. All the Deutsche marks that central banks sold to speculators to try to keep currencies in the more stringent bands of the exchange-rate mechanism have to be bought back; by propping up their currencies with higher rates, the banks can do this more cheaply.

Apart from that, the architects of Europe still find their house of cards quite habitable. While few others can detect a pulse in the ERM, they are intent on keeping it going as long as possible, with minimal revaluations.

Even if authorities can bring interest rates down, the hoped-for economic stimulus may continue to elude them. This could happen if banks follow the example of their American brethren and borrow at lower short rates and lend the money to the government by buying higher-yielding bonds, instead of lending to businesses. In any case, long rates have fallen markedly over the last two years and economies have gotten worse, if anything.

If the equity markets are shown to have guessed wrong about the ERM, it won't be the first time. Traders bought stocks ahead of last year's Danish referendum on Maastricht, thinking a "yes" would strengthen the drive to monetary union; when the vote came out "no," bourses fell 20 percent or more. Then in the fall, when it looked as if no expense would be spared to keep the system affoat and shares were languishing, Britain and Italy jumped ship and markets rose 30

Now we've come full circle, and the outlook is sunny again with no dark clouds in sight. But just in case, take an umbrella.

Swedish Stocks Poised to Profit From a Decline in Interest Rates

By Philip Crawford

ESPITE the gradual rise of the Swedish stock market since last October and its steep increase over the past two weeks - the Affaersvaeriden Index has gained 8.3 percent since the ERM crisis erupted on July 29. closing at 1,293.3 last night in Stockholm -it's hard to find an analyst who does not remain bullish on it.

To be sure, prospects for the Swedish market, as for other European bourses, depend largely on the extent of anticipated interest rate cuts throughout Europe in the coming months. Indeed, the big gains posted by many European markets over the past two weeks lend credence to the old adage that it's what people think will happen - not necessarily what in fact transpires - that makes the markets move.

But many analysts say that even a slight reduction in rates across Europe would lend the Swedish market the impetus to continue its upward climb. The devaluation of the Swedish krona last November, forced by Swedish a control of the U.S. dollar against the krona—about 25 percent since November—since Swedish industrials are, on average, about 20 percent exposed to the U.S. market.

And while some of the largest Swedish companies have had a good ride of it lately and might appear ripe for profit-taking, say experts, other companies appear poised for further growth.

"We believe that lower interest rates will drive the Swedish market, and we're bullish on it," said Christian Diebitsch, who covers Sweden for Kleinwort Benson Securities in London, "Granted, the only thing that will raise confidence in the krona is earnings growth from the corporate sector, but we think that will happen, especially given the current weak krona versus the dollar. Over the next year, we forecast a 15 percent rise in the Affaersvaerlden. We also think the exposure of Swedish industrials to the U.S. market will increase to about 22 percent."

One premier Swedish company receiving favorable notices from analysts is automaker Volvo AB. Volvo had a dismal first quarter, posting a net loss of 280 million kronor (\$35.4 million), a performance company executives attributed largely to the overall decline in car and truck sales throughout Westem Europe, particularly in Sweden. One

bright spot for the company was the U.S. market, and analysts are emphasizing that. "We have a long-term 'buy' recommendation on Volvo, due chiefly to expected lower interest rates, a strong U.S. dollar, and do-mestic cost reductions which the company has made," said Gustaf Von Essen, who tracks Swedish stocks for Hagglof and Ponsbach, a Stockholm brokerage.

Mr. Von Essen also said that Volvo would benefit in the long term from the June split-up of Procordia AB, the Swedish food and pharmaceutical conglomerate. Volvo and the Swedish government had held stakes of 39 percent and 34 percent, respectively, in Procordia, which was broken off into two divisions, one for food, the other for drugs. Volvo now holds 73 percent of the yet-to-be-named food business and 25 percent of the "new" Procordia, which is solely a pharmaceutical operation, said Mr. Von Essen. "We also have a 'buy' on Procordia shares," he added. "We think they are undervalued."

The devaluation of the Swedish krona last November has already helped Sweden's exportheavy industrial sector.

insisted on anonymity, echoed the "buy" ratings on both Volvo and Procordia. She added that Volvo would benefit from its rumored merger with French auto giant Renault. "The merger will happen, it's just a question of when," she said. "Neither company is saying anything right now, but I think the merger will happen before the big privatizations begin in France sometime this

Some analysts are recommending shares in telecommunications giant Ericsson (L.M.) Telephon AB. Ericsson's first quarter was a stellar one, with orders up 34 percent to 17.4 billion kronor and consolidated net sales rising 36 percent to 12.8 billion kronor, compared with results a year ago.

"Despite the strong showing by Ericsson shares recently, we feel that the market is not fully discounting the dramatic growth prospects for general telephone equipment and mobile systems in developing countries. where Ericsson has a major presence," said Ian Macleod of NatWest Securities in Paris. "We rate the shares a 'buy," Mr. Macleod also gave a "buy" rating to shares of Asea AB, the holding company that owns 50 per-cent of ABB Asea Brown Bovari, the Swiss/Swedish utility and engineering

"Asea is perceived as a late-cycle stock but it will behave like an early-cycle stock amid a recovery," Mr. Macleod said. "It's also highly geared to small increases in demand, so even if demand growth is slight, I see Asea's profit margins increasing from their current level of 6 percent to about 10 percent in the long term."

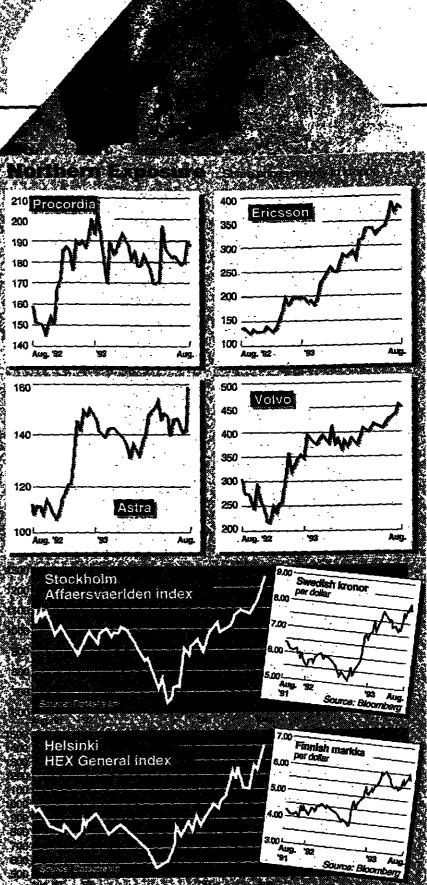
Not everyone is touting Ericsson, however Michael Sjowall, who follows the Swedish market for Barclays de Zoete Wedd in London, says that many of the market's bluechip companies such as Ericsson, construc-tion machine and mining concern Atlas Copco AB, and home appliance manufacturer Electrolux AB warrant only a "hold"

"Those companies have already gone up too much," he said. "Much more interesting for investors are some of the smaller Swedish companies which are poised for greater

Examples of such companies, said Mr. Sjowall, are Svedala Industri AB, which manufactures products for the mining and mineral processing industries, Marieberg Tidnings AB, the newspaper publisher, and Incentive Industri AB, the materials-hanlling and transportation firm formed in 1991 when Asea was divided up.

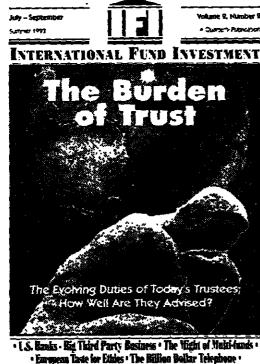
Other analysts concurred with Mr. Sjowall's "hold" ratings on Electrolux and Atlas Copco. "It's not that we don't like the company, quite the contrary," said Peter Dupont of UBS Ltd., regarding Atlas Copco. "The general view is that it's a very strong company with an excellent record. It's just that that is already reflected in the

Another Swedish company getting positive reviews from analysts is the pharmaceutical research, development and manufactur-ing concern Astra AB. Astra reported a huge first-quarter pretax profit increase of 63 percent, to 1.74 billion kronor. This result, although somewhat inflated due to currency considerations, still prompted many analysts to reaffirm "buy" ratings on the company's shares. Among Astra's mainstream products are Xylocaine, one of the world's most widely used local anesthetics.



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In Finland, Shares Surge as Markka Sags competitive lift to Finland's large, any bourse in Europe last fall, little trickier. As prices rise, so do export-dominated industries such around 0.4. That means anyone expectations and the market's vul-By Conrad de Aenlle as forest products, metals and who bought at the low was buying nerability to nasty surprises.

OT" is not an adjective that often springs to mind when thinking about Finland, but its stock market has been one of the world's best performers over the last year. The Hex General Index, the main yardstick for Finnish shares, was trading near 1,425 late in the week, more than double its level of last fall, when it began its advance from 600 by jumping close to 40 percent in a few weeks.

When a stock market rises that far in that short a time, there is seldom a single reason. In the case of Finland, a confluence of favorable circumstances have propelled shares higher. The one cited as hav-ing provided the biggest push is the devaluation of the currency, the markka, last fall, along with others

The markka, also known as the Finnish mark, has fallen to about 5.9 to the dollar from about 4.6 when the rally began. That means smaller gains for dollar-based investors, but it still works out to a return of close to 90 percent on the

With the markka's fall, Finnish interest rates, which had been kept high to try to prop up the currency, came down, too. Rates, short and long term, have fallen faster in Fin-land than in many other countries on the Continent. Since October, rates on 10-year German government bonds have fallen about 0.9 percentage points, while rates on Finnish governments of the same maturity have dropped about 2.4

The weaker currency gives a big

chemicals. So does the reduction in \$1 worth of assets for just 40 cents. credit costs that accrue from the decline in rates. Companies in those industries have been refinancing and digging out from under heavy debt loads.

By his reckoning, Finland is still relatively cheap, although not remarkably so, in spite of the big move. The market "has doubled, but it's still trading at a discount to

"Competitiveness has been en-hanced substantially" since the markka was allowed to float, said shares so heavily was the

What made traders sell down

markka was allowed to float, said shares so heavily was the world-Stefan Guter, who follows Finland wide recession; economic weakness for Carnegie International in Lon- is especially harmful to the sorts of

The weaker currency gives a big competitive lift to Finland's large. export-dominated industries such as

forest products, metals and chemicals. don. "Most investors have been heavy industry and natural relooking for cyclical companies to source concerns that dominate the return to profitability. The Finnish Finnish market.

ones have been able to recapitalize their balance sheets through private placements and rights issues." At the same time, Mr. Guter notes, other operating expenses are falling, as well. "You see wages coming down and taxes falling on

energy." Companies have been un-dertaking "cost-cutting measures you didn't think were possible be-The lower rates and devalued currency were able to catapuli stocks higher because the market was trading at absurdly low valuations before the advance began. Richard Davidson. European equi-ty strategist at Morgan Stanley.

Another depressant was the breakup of the Soviet Union, which had been one of Finland's biggest customers. The feeling now is that stability is returning to the new states and that business with them will pick up, if not sooner, then

"I guess you could say that's a long-term opportunity" for Fin-land, Anders Bratenius, a Goldman Sachs analyst, said of the former Soviet Union. Over the last three

1250

"If the economy starts to turn around in the Western world, it will probably continue to move up."
Mr. Guter remarked. "Otherwise, if. it doesn't materialize, it has a cor-

rection to go through." A report by J.P. Morgan raises a number of doubts about Finland's economic well-being that could hamper any further advance in stocks. It notes that unemployment in Finland's cyclic industries has sent the fiscal deficit to 15 percent of gross domestic product. Further declines in interest rates may be difficult with public finances in

such a state. The report also says that much of the edge that Finnish companies enjoyed after the markka was floated has vanished as the currencies of many of the countries to which Fin-land exports have fallen, as well. The currency is the key to Mr. Bratenius, who figures the marking

has room to fall some more, some thing he sees as vital to shares. "If the Finnish mark remains

weak, which is our view, there should still be more upside," he said. But not much more. He ex-pects a 15 percent gain over the next year in markka terms, which of course means less for investors who do business in whatever currencies the markka is falling

For reasons such as that, he is years, it's been a big negative. Now not as keen on the market as he there's not much more to lose. Over used to be. "We don't put Finland the long term, there's a potential at the top of our European markets, portunity." as we used to," he said. "That's
There wasn't much to lose in where we had it at the start of the id the price-to-book ratio of Finnish stocks a year ago, but now year. Now we rate it slightly above unish shares was the lowest of that they have doubled, things get a average."

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A Financial Guide To Living Abroad. International Herald Tribune

A GUIDE called Working and Living Abroad offers financial advice and information on 35 countries where European employees are most likely to be posted. The guide is published by KPMG. Tax Advisers, Runzheimer and Co. and the Dutch publisher Samson BedrijfsInformatie.

Much of the book is a compila-tion of cost-of-living statistics. The other main topic is raration, in-cluding rates of income, social se-curity, local and capital gains raxes, and an explanation of law treat-ment of various items typically found in an explanation of ray treatfound in an expatriate's compensa-

tion package.

The guide, which will be updated every six months, costs [195] sufficers (\$625) per issue for fregular subscribers, or [1795] guilders (\$940) for those who buy it just once information can be obtained by calling 31 1720-66761.

هكذا من الأصل

Europe Gets a Jolt of Reality While Opportunity Knocks in Canada

Members of a panel of experts in economics and investment offer their opinions on the world's major economies, currencies and fi-



Howard Flight, director. **Guinness Flight** Global Asset Management

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e strings

Let us be thankful that the markets have finally forced economic reality on the rest of Europe. With the Bundesbank perceiving Germany as still requiring a "sado-monetar-ist" high interest rate policy to combat the massive fiscal deficit produced by unification, when the rest of Europe manifestly requires a substantial reduction in real and nominal interest rates in the face of worsening recession, a fixed or semifixed European exchange rate system is clearly inoperable. Prench conservative politicians in particular should be relieved, because, as has been the case for Britain over the last year, the signifi-cant reductions in French interest rates that can now be made will halt the accelerating decline in the French economy. I suggest France should now get on with cutting inter-

The most important implications of what has happened are political, in that they represent a slap in France's face by Germany. From a French point of view, the Germans have consciously and deliberately wrecked France's long-planned federalist intentions for Europe, to be achieved via the requirements of a common European currency. It Outlook <

will probably take some time for France's changed political policies in Europe to emerge, but it must be likely that it will now seek to lead a coalition of other, and particularly Latin, European countries against Germany, where Britain may be wise to remain on the sidelines.

The exchange rate implications are not straightforward. While relative Deutsche mark strength against other European cur-rencies is probable in the near term, looking forward to the prolonging and worsening of German recession this implies will eventually accentuate the mark's weakness against all

Within Europe, it must be assumed that France and Belgium, in particular, will now get on with reducing interest rates, and that their currencies will weaken by 10 percent to 15 percent against the mark. Sterling, the lira and the pescta have already had their depreciations against the mark over the last year and are therefore, likely to strengthen against the French franc. Relative mark strength is, however, likely to be short-lived. It would serve to compound one of Germany's major economic problems - the lack of empetitiveness, which must in due course lead to a major German financial crisis. Only such a major crisis offers the pros-

pect of Germany making the necessary changes to fiscal and monetary policy re-quired as the result of German unification: a massive cut in German welfare expenditure combined with more relaxed interest rate policies in order to get the East German economy going. The effective collapse of the ERM may mean a delay in such a mark crisis. Indeed, the next two or three months could see the mark strengthening a little against the dollar given the continuing slow pace of the U.S. recovery, delaying a firming of U.S. interest rates. The Bundesbank has clearly signaled it does not intend to cut interest rates further while Germany's massive fiscal deficit continues and worsens. Beyond this, however, the change in German policy when it comes is likely to be accompamied by a substantial weakening of the mark against the dollar and the yen - and also

pened is wholly positive. It permits the necessary reduction in interest rates in European economies irrespective of Bundesbank



Christopher Kwiecinski, investment manager, Banque Indosuez, Global Private Banking

Half-way through the summer, dollarbased investors face two basic questions concerning the international investment scene. First, how much life does the bull market in U.S. bonds have left in it, or more broadly, how durable is the current low inflation environment? Second, has the U.S. dollar finally turned against the Japanese yen and is there still a lot of wind in the American currency's sails compared with the European currencies, particularly after the recent up-heavals?

The moderate price increases for May and June in the United States have quelled the inflation fears that were present in the financial markets earlier this year. Even so, price movements over the first half of 1993 should not obscure a longer-term perspective suggesting that inflation has bottomed. In his semiannual congressional testimony, the Federal Reserve Chairman Alan Greenspan has described inflation behavior this year as "disappointing." Despite the slack in the economy and remaining disinflationary

structural forces, albeit with diminishing in-tensity in both of them, it is becoming more difficult to identify factors that would pull inflation down from current levels. On the contrary, faltering productivity growth, not to mention the recent Midwest floods, the likelihood of higher mandated employment costs combined with the new energy tax are bound to push inflation higher in coming months. This fact has not been lost on the precious metals markets, where recent price gains appear to be sticking, much to the delight of the gold bugs and to the befuddle-ment of the gold bears.

The yields on the longer-dated U.S. Treasury bonds are revisiting the exceptionally low levels reached in mid-July. With annualized inflation in the 3 percent to 3.5 percent range, a long-bond yield of 6.5 percent implies the bond is truly pured and also priced in the congressional agreees the bond is fully priced. The market ment on a budget deficit reduction program. Finally, while the administration has so far succeeded in bringing down sharply longterm interest rates and keeping them low, corporate America appears to be taking the opposite bet in raising financing by locking in the very low rates and stretching maturities into the 50-to-100-year area.

Having found relatively slim pickings on their home markets, dollar-based investors need look only north of the U.S. border for somewhat more attractive opportunities. Canada's easy monetary policy, stable currency, weak economic recovery and low inflation rate have all contributed to a steady decline in interest rates. Despite the high debt levels and the approach of this autumn's federal election, Canadian bonds make up one of only two major markets (the other is Australia) expected to deliver dou-ble-digit total U.S. dollar returns on a 12month view. With 10-year yields at very low levels at the end of July throughout the industrialized countries, only Canada and Britain had "high-yielding" (7.1 percent and 7.3 percent, respectively) bond markets, ex-cluding the higher currency-risk Spanish and Italian markets. With low interest rates, its southern neighbor's economic recovery and improving outlook for industrial commodity and energy prices, Canada's equities should continue to outperform their U.S. counter-



Anna Tong, director, Aetna Investment Management (Hong Kong) Ltd.

Picture a country with a history of coups, corruption, natural disasters, rebels; then add to it a well-educated, English-speaking, low-wage labor force, oil discoveries and a government seeking economic reform, and what do you have? Some would call it a recipe for rapid growth, some would say it is a high-risk investment and still others would say it is a description of the Philippines. In fact, it is all three.

Few Asian stock markets generate as much debate as the Philippines. Pessimists believe that the Philippines is destined for eternal Third World status as a result of its checkered past and social-economic factors. Optimists take the view that the Philippines is now on the verge of an economic transformation that will make it one of the fastest growing economies in Asia. The reality lies somewhere in between.

Political instability and poor infrastruc-ture have discouraged both domestic and foreign investors. Severe power shortages causing brownouts of 2 to 10 hours a day retarded gross domestic product growth by more than 1 percent in 1992 and threaten to be even worse this year. A heavy foreign debt burden and inefficient tax collection have undermined the ability of the government to pump-prime the economy and improve its infrastructure. Poverty, chronic unemploy-

ment and a high population growth have forced many of the most talented workers to join the millions of Filipinos working overseas. More recently, the country has also been the victim of a series of natural disasters, which lead the superstitious to believe that the Philippines is plain unlucky.

The good news is that its luck may finally be changing. The Philippines is blessed with a large and well-educated work force (population 63 million), abundant natural resources and close proximity to some of the fastest growing and wealthiest economies in the world. The Aquino and Ramos administrations have made efforts to improve the economy by undertaking tax reforms, for-eign exchange and investment deregulation. President Fidel Ramos, elected by a small minority of 24 percent in 1991, is today enjoying a 55 percent approval rating, largely due to his efforts to reform the economy and maintain political stability. The redevelopment of the former U.S. naval base at Subje Bay as a commercial-industrial complex has received keen interest from local and foreign investors. The exploration of large oil and gas reserves in West Linapacan and Malampaya will significantly reduce dependence on oil imports and eventually enable the Philippines to become self-sufficient. Finally, fast-track power projects coming on stream in the second half of 1993 will substantially alleviate the power-short-

in fact, if one were to use the stock market as the traditional economic and confidence barometer, a transformation has already begun. From the end of 1990 to July 30, 1993, the Manila Index has surged by 167 percent in U.S. dollar terms despite a volatile currency and weak economic growth. During this period, treasury bill rates have declined from approximately 28 percent to 11.5 percent in response to an inflation rate that has fallen from 19 percent to 7.5 percent. Philippine corporations have posted satisfactory results in the last two years in spite of the weak economy. We are forecasting an earnings growth of more than 15 percent for 1994.

Despite the stock market's limited liquidity, the Philippines is unique in Asia in offering investors diverse sectors, which include manufacturing, cement, oil, property, mining and a collection of conglomerates.

different tranches of income

streams (for example, interest only

or principal only), various risks

emerge. An increase in interest

rates can have the effect of slowing

down the cash flow to the principal

story. Mr. Ho said, "Three times

now in the past two years" there

were "huge prepayments" of these bonds. When an investor is depend-

ing exclusively on the interest

stream of the bond, and the interest

is paid off early, the yield can evapo-

rate, leaving the investor bone dry.

tor did collect the higher yield can

make the risk worth it. Ms. Shoutell

of Fannie Mae said that an investor

who "bought something that you

thought was a five-year investment.

and it turned out to be a two-year

investment, would still be getting

the vield that he wanted over the

two-year period, which is higher

than any other two-year investment

On the other hand, Mr. David-

son said, when the longer-term

bond is suddenly shortened by 2

prepayment caused by a drop in

other consequences. For instance.

when a 10-year bond lasts only two

years because of a prepayment, you

cent, for the period it lasted, but

then "you have to reinvest, now at 5

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nterest rates, the investor may face

Of course, CMO advocates might

interest-only bonds are another

in principal-only bonds.

Card Companies Circle Wagons Against Fraud

By Digby Larner

N spite of global recessionary prob-lems, the debit and credit card business is booming. So, too, unfortunately, is card crime. The problem has become so serious that banks around

British estimate put the yearly figure at lower this year than last year," he said. \$250 million in the Timbed Kanadam. One of the campaign's biggest successes shore. Other companies have brided together to be more vigilant. Banks have organized Now companies have branded together seminars warning people of what body improve to watch out for in customers.

criminals. Apart from bringing in state-of-the-art card technology, the money will be spent on making customers and retailers more aware of what they can do to keep

Guido Heyns, head of risk management with Europay International in Belgium, says people need to realize how valuable their cards are. "Cards are often stolen because they are left in people's cars," he said. "Worse still, some of them have the person's personal identification number attached. Under those circumstances, it is very difficult for us to beat crime. People must be made aware that cards are as valuable as cash."

In some countries, cardholders are asked to attend seminars where they are instructed on how cards can be abused. One piece of industry folklore claims that

to practical use and defrauded the bank.
In March, British banks launched a
campaign called Cardsate. More than £3
million (\$4.5 million) was spent on advertising and on distributing leaflets in banks and workplaces. Wynne Evans, of the Association for Payment Clearing Services in the world have embarked on a three-year London, says early indicators show the program to beat the fraudsters.

Card companies are reluctant to say figures aren't available yet, there are signs how much fraud costs them, but a recent the amount of fraud in the U.K. will be

against the French franc.

and how to challenge suspicious charac-ters. Employees are also being offered a reward for any cards they recover.

We do not suggest staff should themselves at risk," Mr. Evans said: "But if they retain the card, they can claim a £5 reward. They are also entered into a lot-tery where they could win £500." So far, more than 100,000 cards have been recovered thanks to the program. In various other worldwide campaigns

employees have been interviewed to discover how careful customers are when signing for goods. At a recent card company conference held in Lausanne, Switzerland, a speaker told delegates that a comment made by one shop assistant outlined a typical problem. "If you show most customers a paper bag, they'll sign it," she said. Customers are urged to check bills carefully before signing them to ensure

properly so nothing can be altered later.

The industry has identified several areas where people are most vulnerable to theft. Cars and the workplace head the list. People are often relaxed about their personal belongings at work and happily leave jackets and bags unattended. All too frequently, thieves wander unchallenged into offices and simply walk off with cards. Women, especially, are being targeted by the various campaigns because of the number of purses that are snatched.

PDATING card technology is the other side of the industry's nies hope the latest advances in card authentication and client verification will keep them several steps ahead of

In France, the widespread use of PIN numbers at the point of sale has caused a huge reduction in the level of fraud. At this year's Europay International conference in Switzerland, Max Auriol of Groupement des Cartes Bancaires in Paris, described how this massive project was un-

"We chose this method in April 1990 and by the end of 1991 French Carte Bleu cards had chips," he said. "It took a fouryear program to put the system in place, involving all participants: issuers, acquirers, retailers and manufacturers."

Now, PIN numbers are routinely used at points of sale all over France. The effect been remarkable. From a level of-

they are paying the correct amount. They should also see that bills are filled out in 1989, the figure has dropped to 0.05 for

But card fraudsters are sophisticated criminals, often backed by large organized gangs. As soon as one problem is solved another takes its place. So card companies are looking at numerous new ways of foiling thieves. One method is to replace the magnetic strip on the back of cards with electronic chips. These can store more information than the magnetic strip and are harder for criminals to manipulate.

Other plans, still a few years off, involve biometrics. Clients have to give physical proof they are the authorized card user. Finger-scanning is one method. Dynamic signature verification is another, whereby a pad underneath the bills monitors the way the signature is written. While a practiced forger can make a signature look similar to the original, it will be written in a different way with pressure being applied wrongly.

But before these systems are used, banks have agreed that the number of mistakenly rejected cards should be limited to one in 100,000. To date, none of the biometric methods have reached this figure. A simpler alternative is to include the cardholder's photograph. Both the Royal Bank of Scotland and the National Provincial building society in Britain have experimented with this idea. Early results are promising but it needs to be adopted by many more British card companies before it has a significant impact on frand

Slices of Mortgage-Backed Pie

By Michael D. McNickle

higher yields are increasingly turning to mortgage-backed securities and their derivatives, collateralized mortgage obligations, or CMOs. European investors purchased \$8 billion in tions to educate investors on the mortgage backs, including CMOs, risks and rewards of CMOs, bro-and Fannie Mae debt securities in kers who are not employed by or 1992, up 50 percent from 1991, according to the Federal National have another agenda. Mortgage Association.

instruments bring a certain amount of controversy caused mainly by tion of anonymity, said, "My argutheir complexity and the sensitivity ment is with the way they're markethey may have to changes in inter- ted . . . Wall Street's marketing is est rates. CMOs are essentially slices, called tranches, of the income streams of mortgage-backed There are many different ways to

slice the pie and each one may be a little different from the other. The Federal National Mortgage Associ-ation, better known as Fannie Mae, savs issuers (like Fannie Mae) can create tranches "with many different interest rates, average lives, prepayment sensitivities and final maturities." A published report earlier this year "alone has over 11,000 tranches outstanding, each a separate security," Fannie Mae noted. Hence the potential for confusion. Jayne Shontell, a senior vice president at Fannie Mae, said, "They are

complex and there are certain tranches that are more complex than others [but] for those who under-stand them, they can find value, and it takes a certain sophisticated investor to make that investment." How complex? Thomas S.Y. Ho,

president of Global Advanced Technology, a New York firm that provides financial software for fixed-income securities and consulting services, and also co-publishes a CMO newsletter, said, "CMOs can easily run into 44 bond types." Some, like the Super Pac (Planned Amortization Class), are so safe, Mr. Ho said, that they resemble a "standard bond with a stable cash flow," while others, residuals, for instance, can be "very risky" and may, in some cases, offer "no stated cash flow."

Naturally, with that kind of selection of both generic types of bonds and individual tranches. there is plenty of room to make money, and costly mistakes. Knowing that, Ms. Shontell said, Fannie Mae makes an effort to provide detailed information on their CMOs (called REMIC) to prospec over the next year. The percentage tive investors and brokers who

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24% p.a. in USD Mease send me information on North Star MKP Consultants 39 Toldbodgade, DK-1253 Copenh Tel.: 45-33 32 11 22, Pax: 45-33 32 67 17 Contadion Ranks: or London Tel.: (71) 222 8866 - Fax: (71) 233 1519. Den Danske Bank International S.A.

Ms. Shontell added that in addi-timing of the cash flows changing. tion to a certain amount of sophis- and that could have either a potive or negative impact on the value tication, investors "have to under-NVESTORS looking for stand the U.S. housing market and of the security." So, when the pools of mortgage-backed securities are separated into the mortgage market," as well as the impact that rate fluctuations

can have on a CMO. Despite the efforts of Fannie Mae and other reputable organiza-

A broker with a major New York Along with the higher yields, the investment house with many years in the field, speaking on the condi-

designed to get a handle on something, you know a hot button and push it, and the key is beating interest rates. Show them [a] nice high rate, push the safety in the sense that its government backed, but don't fully explain what really happens if rates change dramatically.

pounded when investors accept information without checking it out or fully understanding what they have been told. Fannie Mae, for example, maintains a Helpline in Washington, which can independently check claims about their products. However, experts say, people often do not check. Nancy Smith, a former congressional staff member who worked on House investment probes and is now director of the New Mexico Securities Division, said people sometimes rely too heavily on their broker's advice.

"There's a tendency." she said. "to relax and not really look carefully at some of these investments, and especially when you're in this low interest rate environment, people tend to want to get those higher yields, and they really need to think twice: Can they afford to lose . . . and what is the riskiness of the investment being presented to

Oddly enough, part of the problem may be due to the CMOs' high credit quality. Andrew Davidson, president of Andrew Davidson & Co., Inc., in New York and a copublisher of the Ho and Davidson CMO Commentary, a newsletter, said, "Basically, the credit quality of most of these instruments people buy is top notch. There is very little risk of default in most of the CMOs that are sold, but there is risk of the

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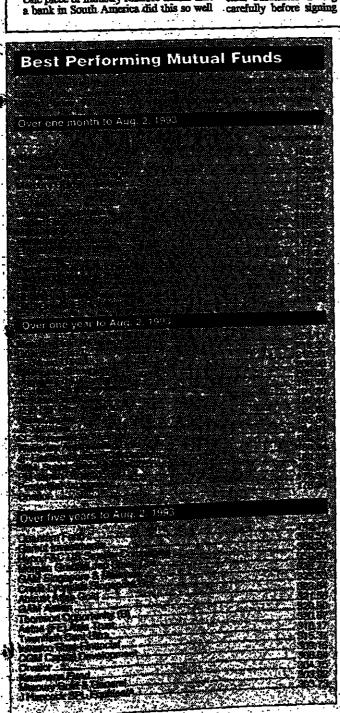
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Mercury Offers Fund On Emerging Markets Mercury Asset Management has

become the latest high-profile money manager to offer a fund investing in up-and-coming mar-kets to the retail investor. On Aug. 4, the London-based investment house launched the Mercury Emerging Markets Fund, a U.K. Anthorized Unit Trust, which will focus primarily on shares in Asian and Latin American companies.

Minimum investment in the fund is a £1,000 (\$1,500) lump payment, or £50 per month through a special installment program. A 2 percent discount on the fund's 5.75 percent initial charge will also be offered until Sept. 17. For further information, call (44) 71 280 2895.

J.P. Morgan Converts To 'Hub and Spoke' J.P. Morgan & Co. is now the

fourth major U.S. bank to convert a family of its funds to the "hub and spoke" structure, which was patented by Boston-based Signature Financial Group last March.

assets into a single "hub" fund with just about everybody. the same objective. Since all investof operating separate funds with Manhattan Bank. "You immediately get econo-

managing director of J.P. Morgan's U.S. fund management division, told Bloomberg Business News. "It

proved the hub and spoke structure in April, a major step for Signature, which hopes that global regulatory approval will eventually follow. According to Signature, roughly \$25 billion in assets are now managed in over 100 hub funds.

Value Line Ranks 1st In Newsletter Survey

The Hulbert Financial Digest, an investment advisory letter that examines the performance of other investment advisory letters, cele-brated its 13th year in business by ranking the performance of the let-ters it follows. The best newsletter in terms of

absolute performance since the Hulbert report began publishing more than two years before the bull market began in August of 1982 is the Value Line Investment Survey, with a total return of 804.4 percent. The comparable figure for the broad-based Wilshire 5,000 stock index is 518.7 percent.

German Court Gives investors Protection A court in Germany, a country

that is not always investor-friendly. The two-tiered structure enables has issued a raling that ought to "spoke" funds with identical investment objectives to pool their banks. In Germany, that means The case involves bonds issued

ment decisions are made at the hub by the failed Bond Group of Auslevel and marketing is carried out tralia. Many banks recommended at the spoke level, the inefficiencies purchase of the Deutsche markdenominated bonds, then when the common goals can be avoided. J.P. company collapsed, they told their Morgan's Pierpont group of funds clients they were on their own. The adopted the structure last month. German Federal High Court ruled as have fund families from Citi- that a bondholder who sued was bank, Bankers Trust, and Chase entitled to compensation because the bank that recommended the bonds had not made him aware of their inherent risk. mies of scale," Evelyn Guernsey,

An analysis of the case by the law firm Clifford Chance said the told Bloomberg Business News. "It court's message was that banks spreads costs over a larger portfolio." Regulators in Hong Kong ap- acteristics of an investment, and

must take clients' investment experience into account, too.

Dividends Increase But is That Good? While the love affair with mutual

funds has helped push up stock prices, market historians have been warning for a couple of years that dividends were not keeping pace, that the market's average yield had fallen to a level that has spelled disaster in the past. Isn't it great news, then, that dividend increases have picked up steam and are running far ahead of reductions?

Not at all, says Norman Fos-back, editor of the newsletter Market Logic. He notes that whenever there is a three-month period in which the number of companies that cut or omit dividends falls below 7.5 percent of the number that raise or resume dividends, the market, as measured by the Dow Jones industrial average, falls 2 percent recently was 6. When had dividend announce

ments rise past 25 percent of good ones, the Dow has gained 19 percent over the following year. The reason for this bit of market perversity? "Only the most naive of inves-tors react to what has already happened," says Mr. Fosback. "Most strive to anticipate the future, and when the dividend news is as overwhelmingly good as it is now, well, the unfortunate conclusion is that it can only deteriorate."

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مكذا من الأصل

Lewis Versus Christie: The 100-Meter Rivalry Is One-Sided

By Ian Thomsen International Herald Tribune

STUTTGART - As he saw the sun setting yellow in Ben Johnson's eyes, Carl Lewis knew he was looking at the fastest man in the world. That it was a speed fueled by drugs was irrelevant, one minute before the gun starting the Olympic 100meter final of 1988

"Do I really want to put myself through this anymore?" Lewis wondered, and he wished the crowd would shut up so he could concentrate. For 10 crucial seconds, just before settling into the blocks, he thought like a loser. Eventually Johnson's gold medal would be handed over to him, like something from the lost-and-found, but that is not the point as Lewis returns to the World Athletics Championships this weekend. The lesson is that he understands, five years later, what others feel when they shake hands

'When you come to a championship like this, and you've won it in the past and you've run well, I think people are aware of what you're doing." Lewis said. "I think a lot of people talk about what I do in a competition like this. They have to be aware because of the past record.

they do." he said, and he might have laughed

The favorite to win the 100 meters Sunday night is 33-year-old Linford Christie of Britain. The title of favorite is more like a dare. He won this event in 9.96 seconds at the Olympics last summer, but he did not beat Lewis, who was stifled by a virus during the U.S. team trials. Christie has beaten Lewis in two recent meetings. but neither was a championship event. He has fulfilled most of his dreams, but place them in the hand of the world's fastest human and they become moral victories.

It might strike Christie enormously Sunday night, as the two exchange their greetings, that his obsession with their rivalry is not at all

For Christie, this race would seem to be about beating Lewis. With eight Olympic gold medals each from the Olympics and the World Championships. Lewis has greater claims in mind. He still owns at least half of the 10 best performances in four events, the 100 and 200 meters, the long jump and the 4 x 100-meter relay. But he turned 32 in July, and whiplash lingers from his car accident in

"But in the end, they have to focus on what February, which forced him to give up the long ey do." he said, and he might have laughed jump this year. He will resume jumping next year, with expectations of breaking Mike Powell's world record and competing into the 1996 Olympies. "I do believe I can jump my farthest in the future." he said.

> Those plans are dependent largely on his per-formances in the 100 and 200 meters here. Once Christie had recovered from his own back problems, he was the one ducking Lewis's overtures for a match. This even though Lewis hasn't won a 100 in six tries this year, with a best of 10.07.

"If I was younger and less experienced, I might

have a problem with that," Lewis said. "When you've been to three World Championships. three Olympic Games, and numerous other competitions in between, there's no question that it isn't easy for me to focus around the invitationals. I can't sit here and tell you anything differently. When you start your season and your coach says we'll be ready for this meet, and all season long you're preparing for that particular competition, then your focus will be at a peak level, and your concentration will be at a peak

"If I'm focused and concentrating, then I will start well." he promised. "I will be as focused as I've been all season. In the end, you want to be world champion. The other meets are just a

The two elders might very well be buried by Andre Cason, who beat Lewis in the U.S. trials, or by Frank Fredericks of Namibia, the silver medalist in Barcelona. For his part, Lewis need only recall his world record of 9.86, set at these championships in Tokyo two years ago. All that season he had been unable to overcome his Santa Monica teammate, Leroy Burrell, who had set a record of 9.90 two months before Tokyo.

(Burrell, injured during the U.S. trials, failed to qualify for these championships.)

"All of a sudden that was the goal for everyone to shoot for," Lewis said. "We realized that someone was going to have to run in the 9.8s to win that meet. Leroy set the tone of excellence that everyone had to shoot for."

The best this year is a 9.99 by Daniel Effiong f Nigeria. Christie's best is only 10.03. There's a difference in design, there's a dif-

ference in the tone that was set," Lewis said. "No one has run the fast time that everyone is shooting for. I feel very confident because I feel that I can run those kinds of times that I ran just two years ago. I feel I'm in good condition and if I run well I can run those kinds of times. That's where my mind is now."

The professional era has allowed Lewis and Christie to exceed the suspected boundaries of age. In an earlier day, they might have retired in their 20s. Lewis claims to be stronger than he was 10 years ago, to enjoy training more. Then he adds, "I'd like to run well here to show myself that I've had an off season."-And: "I want to run the kind of race I can run so that people can see me and not see the remnants of me that they've seen at these other meets."

His plan is to assert himself in the heats Satur-

"I think after the first round," he said, "everyone sees what's going on and people start to think about what others are doing more."

By "others" he means, basically, himself. Which is to say, he is looking forward to the

in San Diego.

Chicago end Florida's season-high

Press reported from New York.

had been on an unpaid leave, would be paid as of Friday. Base-

ball's investigation, which will be

conducted by its security office, is

expected to take about a week.

It's a So-So Debut

For Montana as

National Football League.

"Average or below," he said of

his 6-for-11, 97-yard performance

in the first quarter of a 30-7 loss Thursday night to the Buffalo Bills.

surgery and kept him sidelined for

most of the past two seasons in San

The Chiefs' first exhibition sell-

out crowd since 1973 gave Mon-

tana a thunderous ovation when he

trotted onto the field, but had little

The other Kansas City quarter-

Francisco, "felt great," he said.

but not intercepted.

to cheer thereafter.

The right elbow, which required

Phillies 7, Expos 4: Philadelphia, playing at home, completed a three-game sweep as rookie Kevin Stocker broke a 0-for-14 shump with a tie-

The Mets said Coleman, who

four-game winning streak.

Cardinals Glad to See

The Last of Pittsburgh

The Associated Press

burgh until next season.

At least the St. Louis Cardinals can console themselves with this fact: they don't play again in Pitts-

Mark Whiten lost a ball in the

lights, Todd Burns lost for the sec-

ond straight night and the Cardi-

nals, who are losing the National

NL ROUNDUP

League East race faster than the

Philadelphia Phillies can win it.

dropped another game in the standings with a 5-4, 11-inning loss

Thursday night.
"We're at defcon five right now, and five's an all-out alert," St. Lou-

is starter Bob Tewksbury said. Burns, who lost in relief for the

second straight game, got pinch-hitter Tom Foley to fly out starting

the 11th. But rookie Carlos Garcia,

who was 4-for-6, tripled past right

After Jay Bell and Orlando Mer

ced were intentionally walked, Jeff

King hit a liner over the head of

drawn-in left fielder Bernard Gil-

cored on a wild pitch and

Braves 8, Mets 4: Ron Gant and

David Justice each hit two-run

homers in New York and John

Smoltz gave up only three hits in

74 innings as Atlanta swept the

Rockies 4, Dodgers 1: Colorado completed its first four-game

sweep, in Los Angeles, and extend-

ed its winning streak to a club-

record five games as right-hander Willie Blair pitched a seven-hitter

for his first complete game in 35

inning with his seventh homer, af-

ter Jerald Clark doubled in two

first-inning runs, and Vinny Casti-

Vinny Castilla led off the second

Hollins hit his 13th homer.

three-game series.

fielder Whiten.

key on a 2-1 nitch.

Morceli Threatened With Ban

Compiled by Our Staff From Dispi STUTTGART - The LAAF'S president, Primo Nebiolo, said Friday that Algerian distance number Noureddine Morceli risks being suspended for two months and barred from the 1996 Olympics if he

boycotts the World Championships. Marceli, the world record-holder and reigning world champion at 1,500 meters, has threatened to boycott the championships unless he receives appearance money.

Nebiolo reiterated that no ap arance money will be offered to any athlete and stressed that IAAF regulations specify that athletes selected by their national federations are obligated to compete in World Championships and Olympics, unless they are sick or injured.

Morceli reiterated Friday that he

would not give in to IAAF pressure. "The world championships are not very important for me because I am already the world champion,

he said from Switzerland, where he is vacationing. of the Olympic ban, he added:
"In three years, things might change, there could be another president of the IAAF."

lez tripled and scored the tie-breaking run on Andujar Cedeno's sacrifice fly in the sixth as Houston won There were indications, however that behind-the-scenes negotia-

Cobs 5, Marlins 1: Dwight Smith tions were continuing in an effort hit two solo homers to help visiting to convince Morceli to show up. The ban could be costly for the 3-year-old runner. He would miss ■ Coleman Must Stay Home the final two meets of the "Golden Four" series, in Berlin and Brus-The New York Mets have told outfielder Vince Coleman to stay home until major league baseball sels, ending his chances of collect-

conducts its own investigation of event at all four meets. Morceli has suggested that a few select athletes, including Carl Lewan incident outside Dodger Stadium in which three people were inis, are being paid to compete in jured by a powerful firecracker Coleman threw, The Associated Statteart.

ing 20 bars of gold by winning his

But Nebiolo said, "I declare officially that no money will be paid to an athlete to compete here and that no money has been offered. Some people have asked for a suite or a room, but this is completely differ-

Earlier this year, top American athletes threatened to boycott the championships unless they received prize money but they backed down. Às a compromise, individual win ners will receive a new Mercedes automobile worth about \$30,000.

On another issue, Nebiolo said the controversial doping case of German sprinter Katrin Krabbe
KANSAS CITY, Missouri — As will be discussed by the IAAF breaking two out single in the seventh. Montreal yielded two runs in the eighth when Mariano Duncan tana saw little to like in his debut Krabbe, who won the

/40

2:--

der .

30

20.--20.--

... Krabbe, who won the 100 and :200 races at the 1991 World Ch pionships in Tokyo, tested positive for drugs last year and was sus-pended for four years. The national federation is seeking to reduce the ban on the grounds that it is not recognized by German courts.

"We will face the problem." Nebiolo said. "I don't know what the council will do, but the item is on the agenda."

The NFL's highest-rated passer of all time played only the first two possessions and was sacked once Italian officials said Friday that shot and discus thrower Luciano Zerbini, 33, had failed a drug test and faces the automatic four-year SUSPERSION.

> The national discus champion. who is from Verona, failed a drugtest Sunday at a meet in Schio, officials said. Tests on the second ume sample Friday confirmed the use of steroids. (AP, AFP)

Royals Defeat White Sox As West's Race Tightens

All the attention focused on the American League East race this week overshadowed a big weekend series looming in the West.

It got under way at Comiskey Park as Kevin Appier outpitched Jack McDowell and Kansas City closed to 2½ games of first-place Chicago by beating the White Sox, 4-2. Thursday night in the opener within three games of the lead. Toronto lost to Minnesota and

AL ROUNDUP

New York beat Boston to cut its deficit to one game, while Detroit again outslugged Baltimore.

Owners Fail on Sharing **But Ease Strike Chances**

KOHLER Wisconsin - After failing to agree to revenue sharing during 31 hours of talks over two days, major league baseball's owners have taken steps that virtually eliminated the chance of a strike or lockout until late next season.

Richard Ravitch, management's labor negotiator, announced late Thursday that the owners won't lock out players at the start of the 1994 season or attempt to eliminate salary arbitration this winter.

"li would be irresponsible to set any artificial deadlines whatsoever ers' meeting. Instead, 10 clubs, priin terms of achieving our under-standing with the union." Ravitch said. "I want to make it clear right now ... that in no way will the opening of the season be jeopardized by any action of the owners of major league baseball."

The extraordinary two-day meeting, held at a resort north of Milwaukee was called to discuss greater sharing of local broadcasting revenue and ticket receipts among the large- and small-market clubs. Twenty-one votes were needed and a group of 10 clubs apparently blocked an agreement, but that was overshadowed by the un-

expected no-lockout pledge.
"Though I'm obviously disappointed we didn't achieve closure on a plan today. I believe an enor- both sides.

mous amount of progress has been made," Ravitch said. "I hope in the very near future I will be able to tell you there is a total agreement

among the clubs as to how to redis-

tribute revenues among themselves

so we can meet our obligation to players under the new economic sys-tem we will be proposing to them." A revenue-sharing system would be tied to an agreement with the union on a salary cap, an unlikely event unless owners are willing to accept a work stoppage.

No votes were taken at the ownmarily from the large markets, met among themselves for most of the two days in another building, sending counterproposals back to the small-market teams.

Discussion was intense at times. The voice of New York Yankees owner George Steinbrenner could be heard through closed doors as he interrupted Ravitch during a meeting of large-market clubs.

Meeting Thursday in the largemarket group were Baltimore, Boston, the Chicago White Sov. Colorado. Florida, Los Angeles, the New York Meis, the New York Yankees, Texas and Toronto, California attended Wednesday's largemarket caucus but not Thursday's. St. Louis also appeared to be on

The White Sox have lost six of nine. Texas took advantage of the loss, beating California to move was Raines 2,000th hit in the marithin three games of the lead.

In the AL East chase, first-place all of them leading off innings. He walked two and struck out one in his fourth complete game of the

> "I put so much pressure on me every game that I couldn't put more on for this one." Appier said.
> "They got a lot of leadoff hits but I was able to get out of most of the situations." he said. "None of my pitches was that good, but I had

good control of them." McDowell, at 18-7 tied with San Francisco's John Burkett for the major league lead in victories, had his six-game winning streak stopped. He gave up four runs, three of them earned, and 10 singles in eight innings. He wolked gles in eight innings. He walked two and struck out live.

Twins 9, Blue Jays 2: Kirby Puckett hit two homers and scored three runs as Minnesota won in

Jack Morris lasted only 31/5 innings, giving up five runs on seven hits while walking two and striking out two. The right-hander, who helped Minnesota win the World Series title in 1991, now has a 7.24

Puckett's 13th home run of the season gave the Twins a 2-0 lead in the third. In his next at-bat, he homered off the facing of the third deck in left during Minnesota's four-run fourth. Yankees 4. Red Sox 1: Melido

Perez pitched two-hit ball for 74 innings to help New York win the series in Boston, which remained two games behind Toronto.

Mattingly and Paul O'Neill hit RBI singles for the Yankees. Tigers 17, Orioles 11: Detroit,

playing at home, got a grand slam for the third straight game, this one from pinch-hitter Chad Kreuter that ended an eighth-inning tie. and Baltimore remained 2½ games behind Toronto.

Dan Gladden, who had hit a grand slam in each of the two previ-



drive, then Kirby Puckett hit two homers as the Twins won, 9-2.

Dion James, Mike Gallego, Don ous games, had to settle for a tworun homer this time.

Rangers 4, Angels 2: Rafael Palmeiro hit a two-run homer for Texas in the first inning and Dean Palmer connected in the second in-

> Paimer's 22d came off John Farrell, who had allowed 15 homers in 66 victory this season after six straight innings entering the game.

ning against visiting California.

Right fielder Dan Peltier preserved the two-run lead in the sixth, throwing out Eduardo Perez at the plate after he tagged up on a fly

Indians 8, Brewers 6: Carlos Baerga hit a three-run homer with one out in the 11th to give Cleve-Palmeiro's 30th home run and land its victory in Milwaukee. It was the Indians' first extra-inning.

lla homered leading off the second. backs threw four interceptions and Astros 5, Padres 3: Luis Gonza-the Chiefs lost three fumbles.

CALVIN AND HOBBES

career starts.









WIZARD of ID







REX MORGAN



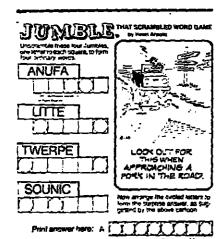
GARFIELD

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DENNIS THE MENACE





JAMES ESSAY NIGLE BENGN STODG! Mary vary her, may get their case sensory—III. NESTS

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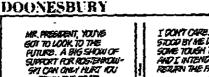
























INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, AUGUST 14-15, 1993 SPORTS BASKETE

Jordan's Father Found in Creek, Shot to Death

Compiled by One Staff From Disputches

The body was originally found
FAYETTEVILLE. North Care- on Aug. 3 in Beaucitsville and has lina — James Jordan, the father of been listed as a John Doe since that National Basketball Association time," said Cumberland County superstar Michael Jordan, has been Sheriff Morris Bedsole. The cause shot to death and his body found of death was a single gunshot floating in a South Carolina creek, wound to the chest, and with that I

anthorities said Friday.

James Jordan, 57, died of a guishot wound to the chest, Cumberland County officials said. The body was found near McColl, South Carolina, about 100 miles

James Jordan hadn't been seen for three weeks but the family had not reported him missing. His \$45,000 red Lexus 400 was found stripped of its tires, stereo speakers and personalized license plates on Aug. 5 in a rural wooded area near

Dental records helped to confirm the identity of the body Frisuspects and had determined no

don't think that we have a lot more

that we can tell you." The FBI had been called in to belp with the investigation because the case crossed state lines.

sournwest of Fayetteville.

Michael Jordan was said to be a creek under a bridge about 50 yards from the North Carolina and had made no public statement.

James Jordan hadn's beautiful and the body about 7 P.M. on Ang. 3, floating in a creek under a bridge about 50 yards from the North Carolina South Carolina state line the Figure 1. A fisherman found the body ence (South Carolina) Morning News reported.

Dr. Keene Garvin, a forensic pa-thologist at South Carolina's Newberry County Memorial Hospital, said he helped perform the autopsy

"He'd been dead quite a while The body was decomposing." Gar-vin said. "It'd be consistent basicalday. Authorities said they had no ly with him being dead from the time he'd disappeared."

Bedsole amphasized there were

no signs of a struggle in the car and said. "We don't think it happened in his car."

The tragedy came amid a year of unprecedented success for Michael Jordan, perhaps the nation's most prominent athlete, who led the Chi-cago Bulls to a third straight NBA

the 30-year-old Jordan was dogged by reports of excessive gambling, which also involved his father. When it was learned that Michael Jordan had made a late-night trip to a casino the night before a playoff loss to the New York Knicks in May, it was his father who stepped forward and tried to

"The trip was my idea," James Jordan said. "I took him with me. He just paid the bill. It wasn't anyg planned ahead of time. It seem like going to Atlantic City for gambling. I just thought he night want to relax."

Gambling Addiction, My Cry For

Diego entertainment executive. Wilmington, he visited Kemp's apparently has not seen reason for Richard Esquinas, claimed that widow. Azella, in nearby Atkinson. concern. They hadn't felt the need Michael Jordan gambled extensively and ran up a \$1.25 million debt to Wilmington. in 10 days in 1991.

Jordan's gambling had prompted an NBA investigation. He once paid off \$165,000 in golf and poker debts, including a \$57,000 check to a convicted cocaine dealer. The NBA found no reason to discipline

Other checks from Jordan's account totaling \$108,000 were found in the possession of a North Caroli-na bail bondsman, Eddie Dow. who was killed in a case unrelated Family and friends said it wasn't

musual for the elder Jordan to stay out of touch for long periods of time, but a three-week disappearance was unprecedented. Members of Michael Jordan's se-

carrity staff flew to Fayetteville from Chicago earlier this week to identify James Jordan's car. 22. After attending the funeral of

She said he then drove friends back

هكذا من الأصل

Carolyn Robinson of Wilmington, who rode with him, said Jordan told her he had to return to Charlotte to catch a plane to Chicago the next day.

shone while we were driving back," Robinson said. She heard him say that after his Chicago trip, he planned to be in South Carolina. Jordan stopped at Robinson's home, are a lare dinner, and visited lina. before changing clothes for the

drive home, she said. "I asked him to call me when he got there, and he said he would. He never did, but I didn't think anything of it. He was so busy," Robin-

Because Jordan travels on business, it wasn't until the car was found that the Jordan family became concerned.

"The officers who were there have related to me that the family

to report Mr. Jordan missing, Union County Sheriff Frank McGuirt said. "The Jordans have business interests in many places, and have several homes. Some fam-

ily member did say he might be using a rental car." Michael Jordan, who attended the University of North Carolina, grew up in Wilmington and visited Charlotte often to see his visited "He talked to his office on the and friends. He has a vacation home in Hilton Head, South Caro-

> James Jordan moved from Wilmington, where his son attended high school shortly after he pleaded guilty in 1985 to accepting a \$7.000 kickback from a private contractor while he was in charge of inventory control at a General

> Jordan received a three-year senence suspended for five years. He was also placed on supervised pro-bation for five years and fined



Michael Jordan with his father, James, after the game in June in which Chicago Bulls won their third straight NBA championship.

Tapie Forces Attack **Police Questioning**

Compiled by Our Staff From Dispatches know I could be held another 24 Bernard Tapie with an alibi that mellick claimed that the police countered allegations that Olympitold the town employees, "We've que Marseille's owner had tried to wanted your boss's hide for a local cover up charges that because the beautiful to the same that the police to the same that t BETHUNE, France — The forcover up charges that his soccer team was involved in fixing a match, denounced Friday what he from a photograph casting doubt on his story.

An aide to Jacques Mellick, the former Socialist minister who now former Socialist minister who now nard Belly had put in an official is deputy mayor of this northern request following Mellick's refusal town, has said under police guilling that his boss arrived at a reception an hour earlier than Mellick clauss.

The timing is crucial to determine whether Mellick was with Tapie in Paris at an hour on June 17 that the former Valenciennes coach, Boro Primorac, claims Tapie was offering him moncements: to take the plame for the affair. Aurelian Lefebvre, Bethune's di-

rector of technical services, told poan hour earlier than Mellick says. The police have questioned me-

newsletter photograph, with shows Mellick at a reception for largest employers, the scale-maker new employees June 17. The caption says he was there at 2 P.M.

Mellick says the caption is two were still held by police on wrong. He claims that he started Priday morning - have confirmed his meeting with Tapie at the politi-cian-financier's offices about that time, leaving at 3:30 P.M. for Bethune, 210 kilometers (130 miles) away. He says he arrived at the reception at about 5 P.M.

Lefebvre, after being freed, accused the police of exerting psychological pressure on him.

"The police asked the same questions over and over, and let me

SCOREBOARD

Groden scires i nor mar or new real the PGA Chanapienship, playind on it yard (A/23-meter), yar 35.36-71 in Chib course in Taledia, Ohio: Scott Simpson, lighted Shakes Londy Waddins, United States

Dudley Hart, United States Richard Zakal, Canada Mark McCumber, United States

GOLF

hours," he said. "I finally had

time. We're going to set him up.

In Valenciennes, the judge inves-tigating the allegations of match-rigging said Friday he wants to talk to Mellick.

Judicial sources said Judge Ber-

to respond to verbal requests. irces close to the investigation said that police had seized several negatives of photographs shot dur-

ing the reception. They hope to enlarge one show-ing Mellick shaking the hand of a man wearing a wristwatch, which could establish the time he was

Though the case has been in the headlines since late June, Mellick lice after 22 hours in custody that did not come forward with his Mellick arrived at 4 P.M. June 17. statements until two weeks ago. saying it wasn't his business. Tapie claimed that he kept his silence to grap Primorac in a lie.

Taple tiwns one of Bettome's

Mellick's version of events.

The Bethune town hall, which saw a strike Thursday in support of employees held by police, re closed Friday morning. In windows, banners have been put up supporting Mellick.

Mellick was minister of the sea in the Socialist government. Tapie, an allied leftist, was urban affairs min-

Jeff Montert, United States
Notes Heaks, United States
John Cook, United States
John Cook, United States
John Standly, United States
Dick, Most, United States
Bob Bulley, United States
Down Russmells, United States
Tora Kite, United States
Crais States, United States
Crais States, United States
David Edwards, United States
Jose Mortal Classical, Spain
John Mohoffey, United States
Jose Cate, Jopan



(AP, AFP, Reuters) Nick Faldo, lining up a putt, could have finished at nine under but he took a triple bogey on the 15th.

Forrell, K. Porerson (F) Lamon (S) one Timeler, Myrcs (7); Rogers, Corrected (7); Henke (9) and Rodriguez, W.—Rogers, 10-7. L.—Forrell, 3-10. Sv.—Henke (26). IRS.—Texas. Polmeira (30); Polmer (22). MATIONAL LEAGUE

HRS--Texas. Polmeira 130). Polmer (22).

MATIONAL LEAGUE

Montreal 192 180 889-4 8 1

Philodelphia 693 180 12s-7 12 3

Rueler, Shaw (3). Bornes (5). Scott (7) and
Fistcher, Laiser (7): Greene, Mr. Williams (5). Adoson (6). Anderson (8). West (8). Mr.

Williams (9) and Praiz. W-Messon 48. Li-Scotl.42. Sw-Mt. Williams (31). HR--Philodelphia, Hollins (13).

Colorado 198 880 880-9 7 3

Biolir and Girardi; Hershiser, Triicak (8) and Piazza. W-Biolir, 5-9. Li-Harshiser, 8-12.

HR--Colorado, Castilla (7).

Houston 980 831 891-6 8 2

Sam Diago 192 990 880-9 13 9

Swindelt T. Jones (4), Hershandez (7). D. Jones (9) and Touberster; Sanders. Hoffman (6). Dovits (8), Mouser (9) and Ausmus. Clark (6). Dovits (8), Mouser (9) and Ausmus. Clark (6). W-Swindel(, 8-9. Li-Hoffman 3-5. Sw-D. Jones (23).

Atlantia

Chicago 10 90 010-4 10 1 Rematch Is Set

Appler and Mackintone: McDowell, Cory 17)
and Kartovice, W-Aspler; 134, L-McDowell,
13-7. HR-Chicago, Raines (12),
New York 91 91 181-4 9 1
Beston 80 20 010-1 2 5
Peruz, Assenmacher (3), Forr 19) and Stantev: Sein, Hesketh (7), Sankhead (7), Fosses
(9), Harris (9) and Meivin, Peno (9),
W-Peruz, 6-10, L-Sole, 6-1, Sv-Farr (22),
California 80 19 20 10 2 5
Teices 210 190 90x-4 7 0
Ferreil, K. Patterson (7), Linton (6) and
Timpley, Myers (7); Robert, Corporate (7),
will defend his titles against Holymolecus (1) and the conditional conditions (1) and (1) a

Singh Ties PGA Record To Lead Wadkins by 2

TOLEDO, Ohio - Vijay Singh of Fiji shot a tournament record-tying eight-under-par 63 on Friday to take the second-round lead in the PGA Championship.

The 30-year-old Singh, playing in only his second PGA Championship, had eight birdies and 10 pars in taking a two-stroke lead over Lanny Wadkins, who shot a threeunder 68 on Friday.

Singh, who plays on both the U.S. and European tours, won the Westchester Classic earlier this year in a playoff for his first victory in the United States.

His 63, which gave him a 36-hole total of 131, equaled the PGA Championship record shared by three others. His 131 also matched the championship record for the first 36 holes.

Scott Simpson, the first-round leader, and Tom Watson, the U.S. Ryder Cup captain, were three shots behind Singh at eight-underpar 134 for the two rounds.

Watson shot a crowd-pleasing six-under 65 on Friday, but Simpson managed only a 70 after an

Wadkins could have been even better but he had two birdie putts nine, one on the 18th hole.

"My putting saved me," Wadkins said. "Every time I got over a putt I thought I was going to make

Nick Faldo, who played with Wadkins, was right in the thick of things but he took a triple bogry on the 15th hole when he and Wadkins were sharing the lead.

SIDELINES

"It's almost shocking to see him make a mistake," Wadkins said of Faldo's uncharacteristic lapse.

back. I'll take that and go work on his 23-year career. it," Faldo said after shooting 68 for Inverness was made vulnerable by greens that were softened by a 136 total. That was before Singh came in at humid conditions. As a result, 57

The 7,024-yard, par-71 Inverness previous championship first-round Club course continued to yield low record of 49, in 1989. scores on another hot, humid day.
Play was delayed for 90 minutes by early morning fog.

Among those trailing Simpson and Wadkins were Dudley Hart and Richard Zokol at 66. Phil

early morning log.

and Richard Zokol at 66. Fmi
Watson, who had eight birdies Mickelson and Dan Forman Weight and two bogeys, almost finished at among a group of eight at 67, Nick nine under for the two rounds when Faldo and Greg Norman among his approach on the 357-yard final nine at 68 and Watson and Paul hole missed the cup by inches. Nick Price, the defending cham-

pion and winner of his last three well as the players are a little disap-American starts, rebounded from pointed," said Norman. "The an opening 74 that put him in danger of missing the cut for the final bunch everybody up. Price shot 66 and had a 140 total, rate himself, making birdie putts

2-under par, for 36 holes. But Jack ranging from 3 to 30 feet. He Nicklaus was unlikely to qualify for missed only three greens in regulaweekend play. He shot 73 and was tion in his lowest career round in a (AP. Reuters) PGA. ■ Earlier, Jaime Dia: of The New

Yark Times reported:

On a leader board full of low numbers and at least one emphatic where everything went right for message, the quiet Simpson shot a me. loud seven-under-par 64 to take the

On the strength of seven birdies and 11 pars, the Simpson tied the course record over the par-7! Inverness Club to take a one-stroke lead over the chief message-sender,

In a last-gasp effort to make the U.S. Ryder Cup team, Wadkins holed out a 9-iron approach shot on the 11th hole in his 65. The shot provided an exclamation point in a statement to the Ryder Cup captain, Watson, to include Wadkins

but bogeyed the third and fourth. On the 409-yard fifth hole, he put his second shot over the green but pitched to 8 feet and made the putt to regain momentum.

Azinger among 13 at 69.

"I think the PGA of America as

greens are slow. It's just going to

Still, Simpson managed to sepa-

"It caught me by surprise," said

Simpson. "I think it's still going to

be pretty hard course over four

days. It was one of those days

Wadkins also hit 15 greens in his

equally solid round. He opened

with birdies on the first two holes

"That one was key because it stopped the bleeding," he said. "It helped me stay patient and con-trolled, which is not always my Wadkins closed out the front

nine with birdies on the eighth and ninth holes. Then, after pushing his drive into light rough on the 378yard, par-4 11th, he hit a 9-iron from 139 yards into the cup for an

"I just wanted to make sure I didn't get all excited," said Wadkins. "I think it helped that I holed a 3-iron on the 18th hole last week at the Buick. It's getting to be old

Wadkins stayed calm, adding a birdie on the 515-yard, par-5 13th hole and another on the 435-yard,

world's best Friday when FIFA unveiled its first international rankings. The rankings, compiled from a complex points system based on matches over the last six years, are intended to produce a definitive league table of the world's national sides. FIFA said the new rankings would not be used to determine the 1994 World Cup seedings.

The rankings: 1, Germany: 2, Italy: 3, Switzerland: 4, Sweden; 5, Argentina; 6, Ireland; 7, Russia: 8, Brazil; 9, Norway; 10, Denmark; 11, England; 12, France; 13, Spain; 14, Mexico; 15, Czechoslovakia; 16, Netherlands: 17, Nigeria; 18, Belgium; 19, Colombia; 20, Poland. ■ Irish Lead Austrian Open Two Irishmen, Ryder Cup hope-Seles's Assailant Charged in Hamburg
HAMBURG (AP) — The man who stabbed Monica Seles here in April ful Ronan Rafferty and Eoghan O'Connell, shared the lead Friday after two rounds of the Austrian Open, United Press International

has been charged with causing grievous bodily harm, but will not be prosecuted for the more serious charge of attempted manslaughter. The prosecutors' office in Hamburg said Günter P., a 38-year-old man from Thuringia state in eastern Germany, was charged on Thursday. The suspect's full name has not been released. Gabriela Sabatini capitalized on a rash of errors by Tracy Austin for a 6-1, 6-3 victory in the third round of the Virginia Slims of Los Angeles.

Germany Officially No. 1 in Soccer

ZURICH (Reuters) — Germany's soccer team was officially declared the world's best Friday when FIFA unveiled its first international rankings.

For the Record

LONDON EXQUISITE >**

GianLuigi Lentini, the AC Milan forward who was Italy's most expensive soccer transfer, was released from the hospital after recovering from a concussion suffered in a car crash Aug. 2.

reported.
O'Connell collected six birdies
but bogeyed the last hole for a 5-
under-par 67, while Rafferty shot
69. They were at 134, with a 1-shot
lead over Germany's Sven Struver,
who broke the course record by one
shot with a 63; Charles Raulerson
of the United States, with 67, and
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Bowe has since been stripped by the WBC portion of the title, so the fight will be for the IBF and WBA versions. No purses were announced, but Holyfield made about \$17 million for defending his title in the first fight, and Bowe was paid about \$7

ESCORTS & GUIDES

Bowe-Holyfield

LAS VEGAS - Riddick Bowe,

who won the undisputed heavy-

weight championship by beating Evander Holyfield last November,

will defend his titles against Holyfield

in a Nov. 6 rematch at Caesars Pal-

ace, hotel officials have amounced.

to the day after Bowe won a 12-round decision over Holyfield to

hand the former champion his first loss and capture all three portions

of the heavyweight title.

The fight will come nearly a year

Attento 290 290 290 200 3 1 1 New York 51 200 200 200 200 4 4 2 Senottz-Stanton (8), McAl-Cloud (7) and Berrybill'; Goaden, Teishader (6), Innis (7) and Hundley, W.-Smoltz, 11-1. L.-Goaden, 11-12. HRs.-Atlanta, Gont (28), Justice (28). New York, Thompson (3), Boolilo (24), Calcono 102 801 mA. Belle epoch THE ESCORT SERVICE LONDON * PARIS 071 937 8052 Credit Cords Welcom BELGRAVIA **ORCHIDS**

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DAVE BARRY

Snakes in Toilets, III

M IAMI — As you are aware if you follow international events, over the past year I have written a number (two) of columns about the worldwide epidemic of snakes in toilets. As a result I have received many letters from people who have had personal toilet-snake encounters, to the point where i now consider it newsworthy when somebody reports NOT finding a

snake in a toilet. But now I am getting nervous. I say this because of a recent alarming incident wherein a woman, attempting to use her commode, was attacked in an intimate place, specifically, Gwinnett, Georgia, by a squirrel. I have here an article from the Atlanta Journal-Constitution. written by Gail Hagans and sent in by a number of alert readers. The headline — a textbook example of clear journalism — states: "Squirrel somehow makes way into commode, scratches Gwinnett woman's behind." I am not making this headline up.

The woman is quoted as follows: "I went to the bathroom and lifted the lid and sat down. That's when I felt something scratching my be-

So, following the recommended "Jump, Slam, Call and Tell" emergency procedure, she jumped up, slammed the lid down, called her husband at work and told him to come home immediately. Unfortunately, by the time he got home, the squirrel had drowned. forcing us to once again ask when the failed Clinton administration will demand that all commodes be equipped with tiny life preservers. But that is not the issue at hand.

The issue at hand is that the squirrel apparently got into the plumbing system via a roof vent. which means that if you, like so many people, have a roof, your toilet is vulnerable to ANY organism with a long narrow body, including (but not limited to) otters. weasels, dachshunds, squids and international fashion models with only one name, such as "Iman."

But that is by no means the only major toilet development. There is also the Mystery Toilet in Texas that produces ballpoint pens. I am not making this up, either. According to a story in the Wichita Falls (Texas) Times/Record News, written by Steve Clements and sent in

by several alert readers, a man named David Garza of Henrietta. Texas, has fished 75 Papermate ballpoint pens out of his toilet over the past two years. Garza has no idea where they're coming from, and neither do the local sewer au-

مكذا من الأصل

thorities. I asked him if the pens still write. and he said they do.

"Papermate ought to make a commercial out of this," he said.
"The slogan could be. We come from all over and write anywhere. You know, like Coca-Cola, 'li's

there when you need it."

Actually, I don't think that's Coca-Cola's slogan. But Garza's statement got me to thinking about a possible breakthrough TV com-mercial wherein an athlete is standing in the locker room, sweating, thirsty as heck, and the toilet gurgles, and up pops a nice refreshing can of Coke, Yum! A commercial like that might be exactly what Coca-Cola needs to counteract all the free media attention Pepsi got

recently with the syringe thing.
But the question is: Why are Papermate pens showing up in this toiler? There's only one logical explanation - alien beings. Garza's toilet is apparently connected to some kind of intergalactic sewage warp, through which aliens are try-ing to establish communication by sending Papermate pens (which are for sale everywhere).

Speaking of toilets and communication, you need to know about a TV-review column from the Daily Yomiuru, an English-language newspaper published in Japan. The column, sent in by reader Chris Graillat, states that there's a children's TV show in Japan called "Ugo Ugo Ruga," which features – I am still not making this up ---"an animated character with heavy eyebrows called Dr. Puri Puri (Dr. Stinky), a piece of talking excrement that keeps popping up from the toilet bowl to express strange platitudes only an adult can fath-

No. seriously, you're thinking that there are indeed some scary worldwide developments occurring in toilets, and the international au thorities had better do something about it. And then they'd better

Knight-Ridder Newspapers

Diane and Woody: A Homecoming of Sorts

By Maureen Dowd New York Times Service

OS ANGELES - It is strange to see Woody Allen L and Diane Keaton together again, still flip and Freudian 16 years after "Annie Hall." There is one especially startling moment in their new screen collaboration, "Manhattan Murder Mystery," which opens in the United States Wednesday, when Allen carps that Keaton has turned into a nutty, superannuated Nancy Drew fixated on "The Case of the Lethal Neighbor."

Besides saying there is nothing wrong with her that "a little Prozac and a polo mallet wouldn't cure." Allen advises his sleuthing spouse to mind her own business: "Save a little craziness for menopause."

It's a sobering thought: Annie Hall on the cusp of menopause. Asked about the line. Diane Keaton smiles that infinitely fetching smile and elucidates: "But, you know, I mean, I say. hey, look, yeah, O.K."

Translating from Keaton-ese, the 47-year-old actress adds: "I think humor is a beautiful way of dealing with a lot of these real big problems."

Just as her character in the movie struggles with middle-age blahs, so Diane Keaton fights not to be dragged down by cultural mythology about happily-ever-after, the glo-ries of plastic surgery and shrinking opportunities for women over 45 in Hollywood and in romance.

Once Woody Allen loved her and made her a star. Then she went off on her own to Hollywood and had long, heart-wrenching love affairs with two other famous co-stars, Warren Beatty and Al Pacino, and made some good movies and some duds. Now, all these years after she won the Oscar for "Annie Hall." Keaton has returned to prop up her scalded Manhattan Pygmalion.

Their reunion, given all that's happened to them since their heady run of comedies in the 70s, offers a poignant echo of Allen's favorite theme: That you can make an come out the way you want, but not life.

Keaton talks about how she had been home the night before nursing a sick dog when a rat ran across the floor of her Hollywood Hills mansion, a landmark designed by Frank Lloyd Wright's son and once owned by the silent film star Ramon Novarro. "Now my friends tell me the Hollywood Hills are full of rats," she says.

But unlike her character in "Annie Hall" who calls Allen to come over to kill what he calls "a spider the size of a Buick," Keaton now does not seem helpless. She is on her own, and she has grown up. Her lavorite self-disparaging phrase is "it's over." referring to her ligure or her sexua allure on screen. But in some ways, she is more confident.

She no longer, as her friends liked to joke, gets up in the morning and apologizes for it. Despite the impression of clutter conveyed by her clothes and prose, she has a minimalist approach to decor and an organized approach to her directing career, which began in 1987 with the offbeat "Heaven" and has included music videos and episodes of "Twin Peaks" and "China Beach." But, as Keaton says. "The core doesn't really change."

The familiar image is still there on screen and in person. The Keaton style still charms - the indirect/straightforward, girl/woman, strong/fragile aura, the attempt to have values in a profession where values are so skewed.

"She's a really good egg," says Anjelica Huston, who also stars in "Manhattan Murder Mystery" as a sery author in black leather who helps the Keaton-Allen husband-and-and-sife team color the proving. Although Figures and Keaton wife team solve the mystery. Although Huston and Keaton

Asia



Diane has been reunited with Allen in "Manhattan Murder Mystery": "The core doesn't really change."

both had long liaisons with men who were best friends -Huston with Jack Nicholson and Keaton with Beatty -Huston jokes that their timing was "slightly staggered" so that they have only just begun having dinner together. In a town where loyalty is scarce, Keaton did not hesitate to stand by Allen during the legal bloodletting

over child custody with his former leading lady and girlfriend, Mia Farrow. When he called Keaton last fall to ask her to step into the role be wrote for Farrow — after "that big falling out with Mia," as he puts it — Keaton immediately flew to New York. She is careful not to say anything negative

about Farrow and goes out of her way to praise the talent and beauty of the woman whose role she inherited. "I liked Mia: I like Mia." she says. "But my history has always been linked with Woody. He's my friend She makes only one comment about the case, taking issue with the searing New York State Supreme Court

ruling in June that severely restricted Allen's access to his son, Satchel, and his adopted daughter, Dylan.
"I think it was too harsh," she says. "I think he could have had better visitation rights. You can't eliminate the parent from a child's life, no matter what happened."
[Allen flew to Dublin on Friday in a bid to see his children who are in Ireland with Farrow, where she is mkaing a film. Reuters reported from Dublin that HIs

chances seemed slim. "I want to see them if I can. Of course I want to see them," Alien said.] Friends say that Keaton believes that while Alien was self-centered, he was truthful --even in being unwilling to camouflage his lack of concern about the consequences of his romance with Farrow's adopted daughter, Soon-Yi

Keaton says that Allen is even more "builliant" than she realized when they first worked together. And the ordi-narily reticent Allen can get downright dewy on the subject of Kenton, comparing her to Judy Holliday and Lucille Ball. While he has described Keaton as "a blank" when he first met her — "a coatcheck girl" — he praises her intellect and cultural sophistication.

"She was totally supportive and fabulous," he says.

Allen says that, while he put off making "Manhattan

Murder Mystery" for years because he thought it might be
too insubstantial, "like an airplane book read," it was a relief not to deal with a movie about relationships while his own were being dissected in court. In the spirit of such whodunits as "The Thin Man" and "Rear Window," the movie tracks Keaton's obsession with proving that a seemingly nice neighbor in an apartment building on the Upper East Side of New York has murdered his wife.
"It was such a hard year personally, it was a pleasure to make something I could enjoy," he says.

THIS WEEKEND AT THE BEACH

PEOPLE

Wary South Koreans Bar Michael Jackson

Michael Jackson's "Dangerous" tour is too hot for the South Koreans. The Ministry of Culture turned down a bid by the singer to bring his "one-of-a-kind extravaganza" there, saying it could have a negative effect on South Korea's current anti-corruption drive. Conspicuous consumption and symbols of opulence, such as superstars, are out. Jackson's Dangerous" tour certainly fits that bill. The singer is traveling with 150,000 tons of stages, lights, sound gear, big screens, lasers and the effects machinery.

Not only is she "Forever Your Girl." Panla Abdul told Los Ange-les jurors they had made her the "happiest girl in the world" by rejecting a claim by Yvette Marine, a backup singer, that she deserved more credit on Abdul's album. Marine had sued Virgin Records for \$3 million in 1991, claiming her voice was electronically combined with Abdul's on several songs.

Newly crowned King Albert II of Belginm doesn't go in much for protocol. The king took the wheel of his car after arriving in Nice by plane for a vacation with his wife, Paola, at their nearby villa.

The actor James Casa angrily dismissed a report in the New York Post that he was a regular at Heidi Fleiss's Hollywood mansion. Fleiss, who is accused of operating a Hollywood call-girl ring, has pleaded not guilty to felony pandering and narcotics charges. "I never, ever once partied at Heidi's house." Casn says.

Citing irreconcilable differences the director Oliver Stone has filed for divorce from his wife, Elizabeth, after 12 years of marriage. Stone did not seek custody of sons Sean, 8, and Michael, 1. . . After months of rumors and denials, the ABC anchor Peter Jennings and his wife, Kati Marton, have confirmed that they are ending their 15-year marriage.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 7

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WEATHER

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If you're going to travel all over the map, here's how to call from almost any point on it.



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